THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus (as defined herein) or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CASH Financial Services Group Limited, you should at once hand this Prospectus and the accompanying PAL (as defined herein) and EAF (as defined herein) (together "Prospectus Documents") to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix IV to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (as defined herein). A copy of each of the Prospectus Documents has also been delivered to the Registrar of Companies in Bermuda for filing in accordance with the requirements of the Companies Act (as defined herein). The Registrar of Companies in Hong Kong, the Registrar of Companies in Bermuda and the Securities and Futures Commission and the Bermuda Monetary Authority take no responsibility as to the contents of any of these documents.

Dealings in the shares in CASH Financial Services Group Limited in their nil-paid and fully-paid forms may be settled through CCASS (as defined herein) and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listings of, and permission to deal in, Rights Shares (as defined herein) in their nil-paid and fully-paid forms on the Stock Exchange (as defined herein) as well as the compliance with the stock admission requirements of HKSCC (as defined herein), Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in Rights Shares in their nil-paid and fully-paid forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CASH
FINANCIAL SERVICES GROUP
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CASH FINANCIAL SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 510)

RIGHTS ISSUE OF NOT MORE THAN 205,702,702 RIGHTS SHARES OF HK$0.10 EACH AT HK$0.45 PER RIGHTS SHARE ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING SHARES PAYABLE IN FULL ON ACCEPTANCE

It should be noted that the Shares (as defined herein) have been dealt in on an ex-rights basis as from 13 March 2009 and the Rights Shares will be dealt in their nil-paid form from 23 March 2009 to 1 April 2009 (both days inclusive). Such dealings will take place during a period when the Conditions (as defined herein) remain unfulfilled. Any Shareholders (as defined herein) or other persons dealing in the Shares from now up to the date on which all the Conditions are fulfilled and any person dealing in the nil-paid Rights Shares during the period from 23 March 2009 to 1 April 2009 will accordingly bear the risk that the Rights Issue (as defined herein) may not proceed. If in any doubt, any Shareholders or other persons are recommended to consult their professional advisers.

In particular, the Directors (as defined herein) would like to draw your attention to the fact that the Underwriting Agreement (as defined herein) contains provisions giving the Underwriter (as defined herein) the right to terminate its obligations thereunder in its reasonable opinion on the occurrence of certain events prior to 4:00 pm on the second business day after the latest time for acceptance of and payment for Rights Shares, being 8 April 2009, including:–

(a) (i) the introduction of any new law or regulation or any change in existing law of regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which materially adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially adversely prejudices the success of the Rights Issue or the taking up of the Rights Shares by the members of the Company or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue; or

(b) any material change in market conditions or combination of circumstances in Hong Kong or elsewhere (including without limitation suspension or material restriction or trading in securities) occurs which may adversely and materially affect the success of the Rights Issue or the taking up of the Rights Shares by members of the Company.

If the Underwriter exercises such right and terminates the Underwriting Agreement, the Rights Issue will not proceed. Full details of the terms of the termination of the Underwriting Agreement provisions are set out on page 5 of this Prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 pm on Monday, 6 April 2009. The procedure for acceptance and/or transfer of the Rights Shares is set out on pages 25 to 26 of this Prospectus.

19 March 2009

CONTENTS

EXPECTED TIMETABLE

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE:

	2009
Record Date	Wednesday, 18 March
Register of members re-open	Thursday, 19 March
Prospectus Documents expected to be despatched on	Thursday, 19 March
First day of dealings in nil-paid Rights Shares	Monday, 23 March
Expected latest time for splitting nil-paid Rights Shares	4:00 pm on Friday, 27 March
Last day of dealings in nil-paid Rights Shares	Wednesday, 1 April
Expected latest time for acceptance of and payment for Rights Shares	4:00 pm on Monday, 6 April
Rights Issue and the Underwriting Agreement to become unconditional on or before	Wednesday, 8 April
Publication of the announcement of result of acceptance of the Rights Issue	Wednesday, 15 April
Refund cheques in respect of unsuccessful or partially successful applications for excess Rights Shares expected to be despatched on or before	Friday, 17 April
Certificates for Rights Shares expected to be despatched on or before	Friday, 17 April
Expected commencement of dealings in Rights Shares	Tuesday, 21 April

Notes:

(I) All times in this Prospectus refer to Hong Kong time.

(II) Effect of bad weather on the latest time for acceptance of and payment for Rights Shares.

The latest time for acceptance of and payment for Rights Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the last acceptance date of 6 April 2009. Instead the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 pm on the same business day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 pm on the last acceptance date of 6 April 2009. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 pm on the following business day which does not have either of those warnings in force at any time between 9:00 am and 4:00 pm.

If the latest time for acceptance of and payment for the Rights Shares does not take place on last acceptance date of 6 April 2009, the dates mentioned in the section headed "Expected timetable" in the Prospectus may be affected. Announcement will be made by the Company on any change to the expected timetable as soon as possible.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus:

Amount to be raised in the Rights Issue	Approximately HK$92.6 million, before expenses, and approximately HK$91.0 million, after expenses
Number of Rights Shares to be issued	Not more than 205,702,702 Rights Shares
Basis of the Rights Issue	1 Rights Share for every 2 Shares held on the Record Date
Record Date	Wednesday, 18 March 2009
Subscription Price and latest time for acceptance	HK$0.45 per Rights Share, payable in full on acceptance by 4:00 pm on Monday, 6 April 2009
Right of application for excess Rights Shares	Qualifying Shareholders will have the right to apply for Rights Shares in excess of their provisional allotment

RESPONSIBILITY STATEMENT

This Prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus misleading.

TERMINATION OF THE UNDERWRITING AGREEMENT

If any of the following events happens before 4:00 pm on the second business day after the last day for acceptance of, and payment of, Rights Shares, being 8 April 2009, then the Underwriter may in its reasonable opinion terminate the Underwriting Agreement:

(a) the success of the Rights Issue would be materially and adversely affected by:

(i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which materially adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially adversely prejudices the success of the Rights Issue or the taking up of the Rights Shares by the Shareholders or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue; or

(b) any material change in market conditions or combination of circumstances in Hong Kong or elsewhere (including without limitation suspension or material restriction or trading in securities) occurs which may adversely and materially affect the success of the Rights Issue or the taking up of the Rights Shares by Shareholders.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

DEFINITIONS

In this Prospectus, the following expressions have the following meanings unless the context requires otherwise:

"Announcement"	the joint announcement made by the Company and CASH on 20 February 2009 in respect of, among other things, the Rights Issue and the entering into of the Underwriting Agreement between the Company and the Underwriter
"ARTAR"	Abdulrahman Saad Al-Rashid & Sons Company Limited, a substantial Shareholder
"Associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Branch Registrar"	Tricor Standard Limited, the branch registrars of the Company, and whose principle place of business is situate at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Cash Guardian"	Cash Guardian Limited, a substantial Shareholder of CASH, and is an Associate of Mr Kwan Pak Hoo Bankee, Chairman of the Company
"CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and which shares are listed on the main board of the Stock Exchange, and is the holding company of the Company
"CASH Directors"	directors of CASH
"CASH Group"	CASH and its subsidiaries
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CFT"	CASH Frederick Taylor Limited, a company incorporated in Hong Kong with limited liability, and is currently a wholly-owned subsidiary of the Company. CFT engages in wealth management business

"Controlling Shareholder" or "CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CASH, and as at the Latest Practicable Date, is interested in 198,771,039 Shares, representing approximately 48.32% of the existing issued share capital of the Company
"Company"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and which Shares are listed on the main board of the Stock Exchange. The Company is also a non-wholly-owned subsidiary of CASH
"Companies Act"	the Companies Act 1981 of Bermuda
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"CRM(HK)"	CASH Retail Management (HK) Limited, a company incorporated in the British Virgin Islands with limited liability, and is currently a wholly-owned subsidiary of CASH. It is the holding company of the Retail Group to be acquired by the Company, subject to conditions, under the sale and purchase agreement dated 19 December 2008
"Conditions"	the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue"
"Directors"	the directors of the Company
"EAF(s)"	application form(s) for excess Rights Shares
"Enlarged Group "	the Group including the Retail Group on the assumption that completion of the acquisition of the Retail Group had taken place

"Excluded Overseas Shareholders"	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party"	to the best of the knowledge, information and belief of the Board having made all reasonable enquiry, such company and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
"Latest Practicable Date"	13 March 2009, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information referred to in this Prospectus
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"Options"	share options granted or to be granted by the Directors under the share option schemes of the Company
"Overseas Shareholders"	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on that register of members of the Company on that date situated outside Hong Kong

"PAL(s)"	provisional allotment letter(s)
"PRC"	the People's Republic of China, which for the purpose of the Prospectus only, exclude Hong Kong, Macau and Taiwan
"Proposed Convertible Note(s)"	the proposed convertible note(s) of approximately HK$240 million (subject to maximum adjustment amount, notwithstanding up or down, for HK$100 million), in aggregate, to be issued by the Company (subject to conditions) as part of the consideration for acquisition of the Retail Group, details of which are set out in the joint announcement issued by CASH and the Company on 19 December 2008. The Proposed Convertible Note(s) has/have not yet been issued as at the Latest Practicable Date
"Prospectus"	prospectus in relation to the Rights Issue
"Prospectus Documents"	documents comprising the Prospectus, the EAF and the PAL
"Purchaser Call Option"	the option granted by CASH Group Limited, a subsidiary of CASH, in favour of the Company upon the first completion of the sale and purchase agreement dated 19 December 2008 in respect of the option to acquire 40% of the equity interest in CRM(HK) at the consideration of approximately HK$116 million (subject to adjustment) at any time from the date of the first completion up to 31 December 2011. The details of the Purchaser Call Option was disclosed in the joint announcement issued by CASH and the Company dated 19 December 2008
"Qualifying Shareholders"	Shareholders whose names appear on the register of members of the Company as at the Record Date other than the Excluded Overseas Shareholders
"Record Date"	18 March 2009, the record date for ascertaining entitlements to the Rights Issue

"Retail Group"	CRM(HK) and its subsidiaries whose principal activities are carrying on retail business in Hong Kong of retailing of furniture and household items. Its principal establishment is situating at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong
"Rights Issue"	the issue of 1 Rights Share for every 2 existing Shares in issue as at the Record Date at the Subscription Price
"Rights Share(s)"	new Share(s) to be issued under the Rights Issue
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the Company which are listed on the Stock Exchange
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HK$0.45 per Rights Share
"Trading Day"	20 February 2009, the trading day for the Shares on the date of the Announcement
"Undertaking Shareholders"	the Controlling Shareholder, certain CASH Directors (being Mr Kwan Pak Hoo Bankee, Mr Lin Che Chu George and Mr Law Ping Wah Bernard) and their respective Associates who are parties acting in concert with the Controlling Shareholder, certain Directors (being Mr Cheng Man Pan Ben, Mr Yuen Pak Lau Raymond and Mr Lo Kwok Hung John) and their respective Associates, ARTAR and its Associates, and as at the Latest Practicable Date, are interested in an aggregate of 287,379,644 Shares, representing approximately 69.85% of the existing issued share capital of the Company

"Underwriter"	Elrond Limited, an Independent Third Party, with ordinary business activities of investment holding and not underwriting issues of securities
"Underwriting Agreement"	the underwriting agreement dated 20 February 2009 entered into between the Company and the Underwriter in relation to the underwriting for the Rights Issue
"%"	per cent
"HK$"	Hong Kong dollar(s), the currency of Hong Kong

CASH FINANCIAL SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 510)

Board of Directors:

Executive:
KWAN Pak Hoo Bankee
CHAN Chi Ming Benson
LAW Ping Wah Bernard
CHENG Man Pan Ben
YUEN Pak Lau Raymond

Independent non-executive:
CHENG Shu Shing Raymond
LO Kwok Hung John
LO Ming Chi Charles

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business
21/F Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

19 March 2009

To the Shareholders

Dear Sir or Madam,

RIGHTS ISSUE OF
NOT MORE THAN 205,702,702 RIGHTS SHARES OF HK$0.10 EACH
AT HK$0.45 PER RIGHTS SHARE
ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING SHARES
PAYABLE IN FULL ON ACCEPTANCE

INTRODUCTION

On 20 February 2009, the Board made the Announcement that (among other things), subject to the Conditions, the Company proposed to raise approximately HK$92.6 million (before expenses) by issuing 1 Rights Share for every 2 Shares held as at the Record Date at the Subscription Price by way of rights issue.

The purpose of this Prospectus is to give you further details of the Rights Issue, including information on dealings and transfer of Rights Shares in their nil-paid form and the procedure for acceptance of provisional allotments of Rights Shares. This Prospectus also contains certain financial and other information relating to the Group.

TERMS OF THE RIGHTS ISSUE

Rights Issue basis and Subscription Price

Existing number of Shares in issue as at the Latest Practicable Date	:	411,405,405 Shares
Basis of the Rights Issue	:	1 Rights Share for every 2 Shares held on the Record Date
Number of Rights Shares to be issued	:	Not more than 205,702,702 Rights Shares assuming the number of Shares in issue remains unchanged on the Record Date
Number of enlarged issued share capital upon completion of the Rights Issue	:	617,108,107 Shares
Subscription Price	:	HK$0.45 per Rights Share in cash represents:–

(a) a discount of approximately 34.8% to the closing price of HK$0.690 per Share as quoted on the Stock Exchange on the Trading Day;

(b) a discount of approximately 36.1% to the average of the closing prices of approximately HK$0.704 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Trading Day;

(c) a discount of approximately 37.3% to the average of the closing prices of approximately HK$0.718 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Trading Day;

(d) a discount of approximately 26.2% to the theoretical ex-rights price of approximately HK$0.610 per Share based on the closing price of HK$0.690 per Share on the Trading Day ;

(e) a discount of approximately 78.7% to net asset value of HK$2.11 per Share based on the unaudited consolidated net asset value of the Group and 413,008,405 Shares in issue as at 30 June 2008; and

(f) a discount of approximately 25.0% to the closing price of HK$0.600 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to the recent market price of the Shares under the prevailing market conditions. The Board considers the terms of the Rights Issue are fair and reasonable and in the interests of the Company and Shareholders as a whole giving the right to all Shareholders to acquire the Rights Shares at a discount to the market price.

As at the Latest Practicable Date, there are 113,000 outstanding Options, but which are not eligible for exercise on or before the Record Date. The Company also has the Proposed Convertible Note to be issued (subject to conditions precedent to be fulfilled). Apart from the above, the Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for the Shares.

Status of the Rights Shares

When allotted and issued as fully paid, the Rights Shares will rank pari passu in all respects with the then existing Shares as at the date of allotment. Holders of the fully-paid Rights Shares will be entitled to receive all dividends and distributions, which are declared, made or paid after the allotment of the Rights Shares.

Despatch of Rights Share certificates and refund cheques

Share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares are expected to be posted by 17 April 2009 to those entitled thereto.

Qualifying Shareholders and Excluded Overseas Shareholders

The Company will provisionally allot the Rights Shares, and send the Prospectus containing details of the Rights Issue to the Qualifying Shareholders. PALs and EAFs will also be sent to the Qualifying Shareholders only.

As at the Latest Practicable Date, according to the register of members of the Company, the Overseas Shareholders have registered addresses in eight jurisdictions, namely, Macau, Taiwan, the PRC, Singapore, Malaysia, the United Kingdom, France and Australia. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Rights Shares to such Overseas Shareholders.

The Company has obtained advices from legal advisers in Macau, Taiwan, the PRC, Singapore, Malaysia and the United Kingdom that no regulatory compliance is required to be made in these jurisdictions for the Company to offer the Right Shares to the Overseas Shareholders who resided in these jurisdictions. Accordingly, the Rights Issue will be extended to the Overseas Shareholders in these jurisdictions.

The Company has obtained advices from legal advisers in Australia that local legal and regulatory requirements have to be complied with if the Rights Issue is to be extended to the Overseas Shareholders in this jurisdiction. The Company has also obtained advice from legal advisers in France that local regulations prohibit the Company sending the Prospectus to the Overseas Shareholders located in France, as it will constitute solicitation which is prohibited under French law for financial instruments which are not admitted to trading on a "regulated market" in the European Economic Area Member State or a "recognized foreign market", which does not include the main board of the Stock Exchange. In this connection, considering the time and legal costs involved for compliance with the local registration requirements and the minimal size of shareholdings of the Overseas Shareholders resident in Australia, and the general prohibition of sending the Prospectus to the Overseas Shareholders in France, the Directors have determined that it would be necessary or expedient to exclude the Overseas Shareholders in Australia and France from the Rights Issue. The Company will therefore send the Prospectus, for information only, to the Overseas Shareholders in Australia and to comply with local regulations in France, the Company will only send to the Overseas Shareholders located in France a notice about the existence of the Rights Issue. The PALs and EAFs will not be sent to such Excluded Overseas Shareholders.

It is the responsibility of any person (including but not limited to nominee, agent and trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself or herself or itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. Shareholders should consult their professional advisors if in doubt.

Arrangements will be made for Rights Shares which would otherwise be provisionally allotted to Excluded Overseas Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be distributed to the Excluded Overseas Shareholders on a pro rata basis and be sent to them, at their own risk, in Hong Kong dollars as soon as practicable. Individual amount of less than HK$100 will be retained by the Company for its own benefit. Entitlements not sold in the market will be available for application by Qualifying Shareholders on EAFs.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. The aggregate of fractions of the Rights Shares will be sold by the Company in the market if a net premium can be obtained, and the net premium will be benefited to the Company. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders.

Registration

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda.

ADJUSTMENTS OF SUBSCRIPTION PRICES OF THE OPTIONS AND CONVERSION PRICE OF THE PROPOSED CONVERTIBLE NOTE(S)

As at the Latest Practicable Date, a total of 113,000 Options have been granted and remained outstanding. Upon full exercise of the subscription rights attaching to the Options, a maximum of 113,000 new Shares will be issued. However, all the outstanding Options are not eligible for exercise on or before the Record Date.

The issuance of the Rights Shares may cause an adjustment to the exercise prices and number of option shares, which adjustments has been certified by independent financial adviser of the Company. The Company will inform each of the Option grantees accordingly.

The conversion price of the Proposed Convertible Note(s) may also subject to adjustments, which adjustment has been also certified by the independent financial adviser of the Company. The Company will also disclose details of the adjustments in the circular relating to the Proposed Convertible Note(s) to be despatched to the Shareholders.

The adjustments to be made to all outstanding Options and the Proposed Convertible Note(s) as certified by an independent financial adviser are set out as below:

1. the subscription prices and number of option shares will be changed from HK$1.310 per Share and 113,000 Shares to HK$1.180 per Share (subject to adjustments) and 124,000 Shares respectively; and

2. the conversion price of the Proposed Convertible Note(s) will be changed from HK$1.15 per Share to HK$1.482 per Share (subject to adjustments).

Save as disclosed above and the share capital of CRM(HK) which has agreed conditionally to be put under the Purchaser Call Option, there are no outstanding Options or any convertible loan securities of the Company or any capital of any member of the Enlarged Group which is under option, or agreed conditionally or unconditionally to be put under option.

UNDERTAKING BY THE UNDERTAKING SHAREHOLDERS

As at the Latest Practicable Date, the Undertaking Shareholders and their respective Associates are beneficially interested in an aggregate of 287,379,644 Shares representing approximately 69.85% of the total number of existing issued share capital of the Company. The Undertaking Shareholders have undertaken to the Company to take up or procure the taking up of the 143,689,821 Rights Shares which will be provisionally allotted to them and/or their respective Associates.

Save as the Undertaking Shareholders, the Board has not received any information from any substantial Shareholders of their intention to take up the Rights Share provisionally allotted to them.

THE UNDERWRITING AGREEMENT

Date	:	20 February 2009
Underwriter	:	Elrond Limited, an Independent Third Party. The ordinary course of business of the Underwriter is investment holding and not underwriting of securities
Issuer	:	the Company
Number of Rights Shares underwritten	:	Not more than 62,012,881 Rights Shares, being Rights Shares other than those undertaken to be taken up or procured to be taken up by the Undertaking Shareholders (assuming the number of Shares in issue remains unchanged on the Record Date)
Subscription Price	:	HK$0.45 per Rights Share

Underwritten amount	:	Not more than HK$27,905,796.45
Underwriter's commission	:	2.5% of the subscription price of the Rights Shares underwritten. Assuming that there is no change in the shareholding structure of the Company up to the Record Date, it is estimated that the underwriter's commission will be approximately HK$697,644.91 (assuming 205,702,702 Rights Shares will be issued). The Board considers that the underwriting commission is fair and reasonable and is on normal commercial terms.

If none of the underwritten Rights Shares is accepted or applied for under PALs or EAFs other than those agreed to be applied for by the Undertaking Shareholders and the underwritten Rights Shares are hence taken up by the Underwriter pursuant to the Underwriting Agreement, the Underwriter and their respective Associates will then be ultimately interested in an aggregate of 62,012,881 Shares representing approximately 10.05% of the issued share capital of the Company as enlarged by the Rights Issue. In this case, the public float of the Company will fall below 25%.

The Underwriter has undertaken to place down part of its Rights Shares which it will hold, being a minimum of 309,000 Rights Shares in total and representing approximately 0.0501% of the enlarged issued share capital of the Company, to another Independent Third Party prior to the allotment and issue of the Rights Shares. The shareholding interest of the Underwriter will then be dropped to below 10% and will be regarded as a public Shareholder, and its Rights Shares will be counted as shares held by the public. In this case, the requirement for maintaining 25% of the public float of the Company in accordance with Rule 13.32(1) of the Listing Rules can be complied at all times.

SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue (assuming the number of Shares in issue remains unchanged on the Record Date):

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all the underwritten Rights Shares are accepted or applied for under the PALs or EAFs)		Immediately after completion of the Rights Issue (assuming none of the underwritten Rights Shares are accepted or applied for under the PALs or EAFs)	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Controlling Shareholder *(Note 1)*	198,771,039	48.32	298,156,558	48.32	298,156,558	48.32
CASH Directors and their Associates *(Note 2)*	23,827,685	5.79	35,741,527	5.79	35,741,527	5.79
Sub-total for the Controlling Shareholder and parties acting in concert:	222,598,724	54.11	333,898,085	54.11	333,898,085	54.11
The Directors (other than those who are also CASH Directors) and their Associates *(Note 3)*	408,440	0.09	612,660	0.09	612,660	0.09
ARTAR	64,372,480	15.65	96,558,720	15.65	96,558,720	15.65
Sub-total for Undertaking Shareholders	287,379,644	69.85	431,069,465	69.85	431,069,465	69.85
Underwriter	–	–	–	–	62,012,881	10.05
Other public Shareholders	124,025,761	30.15	186,038,642	30.15	124,025,761	20.10 *(Note 4)*
	411,405,405	100.00	617,108,107	100.00	617,108,107	100.00

Notes:

(1) The Controlling Shareholder is wholly-owned by CASH.

(2) The CASH Directors are Mr Kwan Pak Hoo Bankee, Mr Lin Che Chu George and Mr Law Ping Wah Bernard. The CASH Directors and their Associates are parties acting in concert with the Controlling Shareholder.

(3) The Directors are Mr Cheng Man Pan Ben, Mr Yuen Pak Lau Raymond and Mr Lo Kwok Hung John.

(4) As the Underwriter has undertaken to place down its Rights Shares (as disclosed above) and the minimum public float of 25% can be complied at all times, the scenario as shown in the last column on the above shareholding chart will not be happened.

The aggregate shareholding interest of the Controlling Shareholder, the CASH Directors and their respective Associates in the Company will be increased from existing 222,598,724 Shares (representing approximately 54.11% of the existing issued share capital of the Company) to 333,898,085 Shares (representing approximately 54.11% of the issued share capital of the Company as enlarged by the Rights Issue) immediately after completion of the Rights Issue. As the Controlling Shareholder and CASH Directors (being parties acting in concert with the Controlling Shareholder) together with their respective Associates have already holding more than 50% of the voting rights of the Company before the Rights Issue, CASH is not aware of any obligation to make a mandatory general offer under Rules 26 and 32 of The Hong Kong Code on Takeovers and Mergers as a result of the Rights Issue.

TERMINATION OF THE UNDERWRITING AGREEMENT

If any of the following events happens before 4:00 pm on the second business day after the last day for acceptance of, and payment of, Rights Shares, then the Underwriter may in its reasonable opinion terminate the Underwriting Agreement:

(a) the success of the Rights Issue would be materially and adversely affected by:

(i) the introduction of any new law or regulation or any change in existing law of regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which materially adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially adversely prejudices the success of the Rights Issue or the taking up of the Rights Shares by the members of the Company or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue; or

(b) any material change in market conditions or combination of circumstances in Hong Kong or elsewhere (including without limitation suspension or material restriction or trading in securities) occurs which may adversely and materially affect the success of the Rights Issue or the taking up of the Rights Shares by members of the Company.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon, inter alia, each of the following events occurring on or before 8 April 2009 (or such later date as the Company and the Underwriter may agree):

(a) the Bermuda Monetary Authority granting consent to the issue of the Rights Shares, if required;

(b) the due filing and registration of the Prospectus Documents with the Registrar of Companies in Bermuda, if required;

(c) the due registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;

(d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms by no later than the date of despatch of the Prospectus Documents;

(e) the despatch of the Prospectus Documents by the Company; and

(f) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms.

The Rights Issue will not be completed if any of the above Conditions is not satisfied. The Rights Issue is not subject to Shareholders' approval requirement.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

FUND RAISING IN THE PAST 12 MONTHS

Save as the Proposed Convertible Note(s) to be issued (subject to conditions precedent to be fulfilled) by the Company, the Company had no fund raising activity in the past 12 months.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Board believe that, taking into account the prevalent financial market conditions, it would be in the interest of the Company to raise equity funding via the proposed rights issue to strengthen the Company's capital base and to enhance its financial position and net assets base.

The Board consider the terms of the Rights Issue and the Subscription Price are fair and reasonable, and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Assuming 205,702,702 Rights Shares will be issued, the estimated expenses in relation to the Rights Issue amounted to approximately HK$1.6 million and the estimated net proceeds of the Rights Issue of approximately HK$91.0 million are intended to be used as additional working capital to strengthen the Company's financial position. The net subscription price per Rights Share is expected to be approximately HK$0.44.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Financial and trading prospects

The Group is principally engaged in financial services business, including provision of financial services such as brokerage, margin financing, corporate finance, wealth management and asset management. The business performance of the Group is very much affected by the financial market and the local and global economies. The financial services business of the Group is one of the hard hit businesses. As shown in the 2008 interim report, the Company recorded a net operating profit of HK$42.4 million for the first half of the year. The profit and revenue of the Group were dropped as compared with the last corresponding period last year.

In December 2008, the Company announced the proposed acquisition of the Retail Group (retail business) (being 100% equity interest in the Retail Group and the loan due from the Retail Group) at the consideration of approximately HK$300 million (subject to adjustment) in aggregate. The consideration has been settled as to HK$60 million in cash upon signing of the sale and purchase agreement and the balance of the consideration will be settled by the issue of the Proposed Convertible Note(s) by the Company of approximately HK$240 million (subject to adjustment). In February 2009, the Company announced the acquisition of the remaining 30% equity interest in CFT (wealth management business) at a total consideration of HK$1.4 million so as to consolidate full control of our wealth management business. These acquisitions will help the Company to diversify its income stream and broaden the source of revenues especially during unfavourable global and local economies. The Board considers that the effect of adverse economic environment on retail business is not so severe as financial services business. Though the overall consumer spending in Hong Kong is also affected by the unfavourable local economy, the demand for economical and quality furniture and household products remains relatively strong. Also, the Company believes that more investors will seek professional financial management services especially during volatile and down markets situation. The Company is confident about the retail business and the wealth management business which could broaden the source of revenues for the Enlarged Group in 2009 and the years to come.

In 2009, the Board will also focus on continuously improving the operating and management efficiency, the service standards and products quality, strengthening the platform capabilities and keeping a lean cost structure to continuously enhance our competitiveness for our financial services.

Despite the prevalent financial market conditions, the financial position of the Enlarged Group remain solid and that the Enlarged Group is well-positioned to weather the current difficult environment, and to continue to capitalise any potential opportunities that will enhance shareholders value. With the proceeds from the Rights Issue as equity funding for the Company, the capital base will be further strengthen which is beneficial for the long-term growth of the Enlarged Group.

PROCEDURE FOR ACCEPTANCE AND TRANSFER

Qualifying Shareholders will find enclosed with this Prospectus a PAL that entitles Qualifying Shareholders to take up the number of Rights Shares shown therein. If you wish to exercise your rights to take up all the Rights Shares specified in the PAL, you must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Branch Registrar by not later than 4:00 pm on Monday, 6 April 2009. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a bank in Hong Kong and made payable to "**CASH FINANCIAL SERVICES GROUP LIMITED – RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged by 4:00 pm on Monday, 6 April 2009, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If you wish to accept only part of your provisional allotment and/or to transfer part of your rights to subscribe for the Rights Shares provisionally allotted to you or to transfer your rights to more than one person, the PAL must be surrendered by not later than 4:00 pm on 27 March 2009 at the Branch Registrar which will cancel the original PAL and issue new PALs, in the denominations required which will be available for collection at the Branch Registrar after 9:00 am on the second business day after the surrender of the original PAL (i.e. on or before Tuesday, 31 March 2009).

The PAL contains further information regarding the procedure to be followed for acceptance and/or transfer of the whole or part of your provisional allotment.

All cheques and banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker's cashier order in payment for the Rights Shares accepted will constitute a warranty by the subscriber that the cheque or banker's cashier order will be honoured on first presentation. Any PAL in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and, in any event, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and will be available for application on EAFs.

If the Conditions are not fulfilled or the Underwriter terminates the Underwriting Agreement, the monies received in respect of applications for Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to the registered addresses or such other persons on Friday, 17 April 2009.

APPLICATION FOR EXCESS RIGHTS SHARES

Qualifying Shareholders may apply for any unsold entitlements of Excluded Overseas Shareholders or any Rights Shares provisionally allotted but not accepted; or any unsold Rights Shares arising from the aggregation of fractional entitlements. Applications for excess Rights Shares can be made by completing the EAFs. The Directors will allocate the excess Rights Shares at their discretion but will give preference to topping-up odd lots to whole board lots and on a fair basis on the following principles:

(1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and

(2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares) and with board lots allocations to be made on best effort's basis.

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The Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

If you are a Qualifying Shareholder and you wish to apply for any Rights Shares in addition to your provisional allotment under the Rights Issue, you must complete and sign the enclosed EAF as indicated therein and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Branch Registrar by not later than 4:00 pm on Monday, 6 April 2009. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a bank in Hong Kong and made payable to "**CASH FINANCIAL SERVICES GROUP LIMITED – EXCESS APPLICATION ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**".

If no excess Rights Shares are allotted to you, the amount tendered on application will be refunded to you in full without interest by means of a cheque despatched in the ordinary post at your own risk on Friday, 17 April 2009. If the number of excess Rights Shares allotted to you is less than that applied for, the surplus application monies will be refunded to you without interest by means of a cheque despatched in the ordinary post at your own risk on Friday, 17 April 2009.

All cheques and banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgement of an EAF together with a cheque or banker's cashier order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Without prejudice to its rights in respect thereof (but subject to the terms of the Underwriting Agreement), the Company reserves the right to reject any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amount due, will be posted at the risk of the persons entitled thereto to their registered addresses.

If the Conditions are not fulfilled or the Underwriter terminates the Underwriting Agreement, the monies received in respect of applications for excess Rights Shares will be returned to the applicants in full without interest by means of cheques despatched in the ordinary post at the risk of such applicants on 17 April 2009.

LISTING OF THE RIGHTS SHARES

The Company has applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Rights Shares in both nil-paid and fully-paid forms.

The Rights Shares in their nil-paid and fully-paid forms will be traded in board lots of 2,000 Rights Shares. Dealings in the Rights Shares in the nil-paid form will commence at 9:30 am on 23 March 2009 and will end at the close of business of the Stock Exchange on 1 April 2009 (both days inclusive). The latest time for splitting of nil-paid Rights Shares will be 4:00 pm on 27 March 2009. Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to payment of stamp duty in Hong Kong. Dealings in the Rights Shares in their fully-paid form are expected to commence on 21 April 2009.

The Rights Shares will not be listed or dealt in on any other stock exchange outside Hong Kong. None of the securities of the Company is listed or dealt in, nor is any listing of or permission to deal in securities of the Company being or proposed to be sought on any stock exchange other than the Stock Exchange.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

PERMISSION OF THE BERMUDA MONETARY AUTHORITY

Pursuant to a public notice issued on 1 June 2005, permission under the Exchange Control Act 1972 of Bermuda (and regulations made thereunder) has been granted by the Bermuda Monetary Authority in respect of the issue of Shares (including the Rights Shares) to persons regarded as non-resident of Bermuda for exchange control purposes subject to the requirement that the Shares are listed on the Stock Exchange. In granting such permission and in accepting this Prospectus, the PAL and the EAF for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for the financial soundness of the Group or for the correctness of any statements made or opinions expressed in this Prospectus, the PAL or the EAF.

WARNING OF RISK OF DEALINGS IN SHARES AND NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis from 13 March 2009. Dealings in the nil-paid Rights Shares are expected to take place from 23 March 2009 to 1 April 2009 (both dates inclusive). If the Underwriter terminates the Underwriting Agreement or any of the Conditions is not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares up to the date on which all the Conditions are fulfilled and the date on which the Underwriter's right of termination ceases who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholder or other person dealing in the Shares up to the date on which all the Conditions are fulfilled and the date on which the Underwriter's right of termination ceases, and any persons dealings in the nil-paid Rights Shares during the period from 23 March 2009 to 1 April 2009 will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. In particular, the Directors would like to draw your attention to the fact that the Underwriting Agreement may be terminated if prior to 4:00 pm on the second business day after the latest time for acceptance and payment of Rights Shares, in the reasonable opinion of the Underwriter that, inter alia, the success of the Rights Issue would be materially and adversely affected by, inter alia, any of the conditions mentioned under the sub-heading "Termination of the Underwriting Agreement" above.

FURTHER INFORMATION

Your attention is drawn to the further information set out in the appendices to this Prospectus.

On behalf of the Board
Bankee P Kwan
Chairman

1. FINANCIAL INFORMATION

A. SUMMARY OF FINANCIAL RESULTS FOR THE THREE YEARS ENDED 31 DECEMBER 2007

The following is a summary of the audited consolidated profits and losses accounts and financial positions for each of the three years ended 31 December 2007 as extracted from the annual reports of the Group for the year ended 31 December 2007 and the year ended 31 December 2006.

Consolidated Profit and Loss Account

	For the year ended 31 December		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	666,378	345,977	213,557
Profit before taxation	204,611	73,521	23,847
Taxation (charge) credit	(28,825)	(5,796)	3,440
Profit for the year from continuing operations	175,786	67,725	27,287
Discontinued operations			
Profit (loss) for the year from discontinued operations	30,904	(27,527)	–
Profit for the year from continuing operations	206,690	40,198	27,287
Attributable to:			
Equity holders of the Company	207,779	39,944	26,626
Minority interests	(1,089)	254	661
	206,690	40,198	27,287
Earnings per share			
– Basic	12.3 HK cents	2.5 HK cents	3.2 HK cents
– Diluted	12.1 HK cents	2.5 HK cents	3.0 HK cents

Consolidated Assets and Liabilities

	As at 31 December		
	2007	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	2,626,917	1,775,485	1,150,965
Total liabilities	(1,727,551)	(1,291,893)	(792,876)
Net assets	899,366	483,592	358,089

Note: There were no extraordinary items and exceptional items for the three years ended 31 December 2007.

B. SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 30 JUNE 2007

The following is a summary of the unaudited consolidated profit and loss account of the Group for the six months ended 30 June 2008 and 30 June 2007 as well as the financial position of the Group as at 30 June 2008 as extracted from the interim report of the Group for the six months ended 30 June 2007.

Consolidated Profit and Loss Account

	For the six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
Continuing operations		
Revenue	198,891	253,479
Profit before taxation	46,002	85,288
Taxation charge	(4,892)	(10,300)
Profit for the period from continuing operations	41,110	74,988
Discontinued operation		
Profit for the period from discontinued operation	–	27,832
Profit for the period	41,110	102,820
Attributable to:		
Equity holders of the Company	41,035	101,605
Minority interests		
– continuing operations	75	550
– discontinued operation	–	665
	41,110	102,820
Earnings per share		
From continuing and discontinued operations:		
– Basic	HK$0.10	HK$0.32
– Diluted	HK$0.10	HK$0.31
From continuing operations:		
– Basic	HK$0.10	HK$0.23
– Diluted	HK$0.10	HK$0.23

Consolidated Assets and Liabilities

	As at 30 June 2008
	HK$'000
Total assets	2,345,553
Total liabilities	(1,472,367)
Net assets	873,186

Note: There were no extraordinary items and exceptional items for the six months ended 30 June 2008 and 30 June 2007.

C. FINANCIAL INFORMATION FOR THE TWO YEARS ENDED 31 DECEMBER 2007

The following financial information is extracted from the audited consolidated financial statements of the Group for each of the two years ended 31 December 2007.

Consolidated Income Statement
For the year ended 31 December 2007

	NOTES	**2007** *HK$'000*	**2006** *HK$'000*
Continuing operations			
Revenue	*6*	666,378	345,977
Other operating income		1,859	2,178
Salaries, commission and related benefits	*8*	(247,980)	(151,449)
Depreciation		(7,403)	(7,056)
Finance costs	*9*	(91,844)	(49,024)
Other operating and administrative expenses		(133,363)	(77,657)
Net increase in fair value of investments held for trading		20,334	10,261
Convertible loan note settlement income		–	291
Share of loss of associate	*23*	(3,370)	–
Profit before taxation		204,611	73,521
Taxation charge	*12*	(28,825)	(5,796)
Profit for the year from continuing operations		175,786	67,725
Discontinued operations			
Profit (loss) for the year from discontinued operations	*13*	30,904	(27,527)
Profit for the year	*14*	206,690	40,198
Attributable to:			
Equity holders of the Company		207,779	39,944
Minority interests			
– Continuing operations		(617)	39
– Discontinued operations		(472)	215
		206,690	40,198

	NOTES	2007 HK$'000	2006 HK$'000
Dividend:			
Proposed final dividend (31 December 2007: HK$0.03 per ordinary share based on 2,076,972,027 shares; 31 December 2006: HK$0.02 per ordinary share based on 1,382,051,448 shares)		62,309	27,641
Dividends recognised as distribution during the year (31 December 2007: payment of 2006 final dividend of HK$0.02 per ordinary share and payment of 2007 interim dividend of HK$0.02 per ordinary share; 31 December 2006: payment of 2006 interim dividend of HK$0.03 per ordinary share)		57,333	41,462
Earnings (loss) per share	*15*		
From continuing and discontinued operations:			
– Basic		12.3 HK cents	2.5 HK cents
– Diluted		12.1 HK cents	2.5 HK cents
From continuing operations:			
– Basic		10.4 HK cents	4.3 HK cents
– Diluted		10.3 HK cents	4.2 HK cents
From discontinued operations:			
– Basic		1.9 HK cents	(1.7) HK cents
– Diluted		1.8 HK cents	(1.7) HK cents

Consolidated Balance Sheet
At 31 December 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current assets			
Property and equipment	16	24,787	45,720
Investment property	17	5,000	5,000
Goodwill	18	4,933	114,878
Intangible assets	19	12,392	32,042
Other assets	21	9,136	16,241
Loan receivables	22	176	103
Interests in associates	23	65,778	–
Loan to an associate	23	10,296	–
Amounts receivable on disposal of subsidiaries	25	162,703	–
Deferred tax assets	12	–	2,346
		295,201	216,330
Current assets			
Inventories	24	–	674
Accounts receivable	26	931,595	781,721
Loan receivables	22	28,867	19,227
Prepayments, deposits and other receivables		28,218	23,764
Amount due from an associate	25	260	373
Amounts due from fellow subsidiaries	25	447	3,463
Investments held for trading	27	59,271	54,317
Deposit with brokers	25	69,188	–
Bank deposits under conditions	28	28,675	27,813
Bank balances – trust and segregated accounts	25	928,527	574,577
Bank balances (general accounts) and cash	25	256,668	73,226
		2,331,716	1,559,155

	NOTES	2007 HK$'000	2006 HK$'000
Current liabilities			
Accounts payable	29	1,379,521	931,865
Accrued liabilities and other payables		68,534	64,860
Deferred revenue		–	8,027
Taxation payable		20,993	4,428
Obligations under finance leases			
– amount due within one year	30	–	215
Bank borrowings			
– amount due within one year	31	231,066	278,521
Loan from a minority shareholder	25	27,437	–
		1,727,551	1,287,916
Net current assets		604,165	271,239
		899,366	487,569
Capital and reserves			
Share capital	32	207,697	138,205
Reserves		690,668	341,626
Equity attributable to equity holders of the Company		898,365	479,831
Minority interests		1,001	3,761
Total equity		899,366	483,592
Non-current liabilities			
Deferred tax liabilities	12	–	2,615
Obligations under finance leases			
– amount due after one year	30	–	115
Bank borrowings			
– amount due after one year	31	–	1,247
		–	3,977
		899,366	487,569

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000* *(Note g)*	Convertible loan note equity reserve *HK$'000*	Share-based payment reserve *HK$'000*	Translation reserve *HK$'000*	(Accumulated losses) retained earnings *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total *HK$'000*
At 1 January 2006	104,488	130,794	173,550	581	883	–	(53,678)	356,618	1,471	358,089
Exchange difference arising from translation of foreign operations representing net expense recognised directly in equity	–	–	–	–	–	(288)	–	(288)	–	(288)
Profit for the year	–	–	–	–	–	–	39,944	39,944	254	40,198
Total recognised income and expense for the year	–	–	–	–	–	(288)	39,944	39,656	254	39,910
Recognition of employee share option benefits	–	–	–	–	1,613	–	–	1,613	–	1,613
Arising from conversion of convertible loan note *(Note c(ii))*	6,000	10,200	–	(308)	–	–	173	16,065	–	16,065
Arising from early repayment of convertible loan note *(Note a)*	–	–	–	(273)	–	–	(79)	(352)	–	(352)
Issue of new shares *(Notes c(i), (iii) and (iv))*	27,717	82,976	–	–	–	–	–	110,693	–	110,693
2006 interim dividend paid	–	–	–	–	–	–	(41,462)	(41,462)	–	(41,462)
Transaction costs attributable to issue of new shares	–	(3,000)	–	–	–	–	–	(3,000)	–	(3,000)
Arising from acquisition of subsidiaries	–	–	–	–	–	–	–	–	2,389	2,389
Dividend paid to minority interests	–	–	–	–	–	–	–	–	(353)	(353)
Amount transferred to set off accumulated losses *(Note b(i))*	–	–	(45,000)	–	–	–	45,000	–	–	–
At 31 December 2006 and 1 January 2007	138,205	220,970	128,550	–	2,496	(288)	(10,102)	479,831	3,761	483,592
Profit for the year	–	–	–	–	–	–	207,779	207,779	(1,089)	206,690
Share of translation reserve of associate	–	–	–	–	–	855	–	855	460	1,315
Total recognised income and expense for the year	–	–	–	–	–	855	207,779	208,634	(629)	208,005
Issue of new shares *(Note d)*	10,150	21,419	–	–	(1,525)	–	–	30,044	–	30,044
Issue of new shares due to rights issue *(Note e)*	59,342	178,026	–	–	–	–	–	237,368	–	237,368
Transaction costs attributable to issue of new shares	–	(467)	–	–	–	–	–	(467)	–	(467)
Amount transferred to retained earnings as a result of expiration of share option	–	–	–	–	(883)	–	883	–	–	–
Release on disposal of subsidiaries	–	–	–	–	–	288	–	288	(2,131)	(1,843)
2006 final dividend paid	–	–	–	–	–	–	(27,661)	(27,661)	–	(27,661)
2007 interim dividend paid	–	–	–	–	–	–	(29,672)	(29,672)	–	(29,672)
Amount transferred from share premium to contributed surplus *(Note f)*	–	(100,000)	100,000	–	–	–	–	–	–	–
Amount transferred to set off accumulated losses *(Notes b(ii) and (iii))*	–	–	(58,000)	–	–	–	58,000	–	–	–
At 31 December 2007	207,697	319,948	170,550	–	88	855	199,227	898,365	1,001	899,366

Notes:

(a) During the year ended 31 December 2006, the Group made full repayment of the convertible loan note issued on 1 September 2004 that remained outstanding in June 2006 amounting to HK$8,000,000 and HK$6,300,000 on 1 June 2006 and 28 June 2006 respectively. The consideration of HK$14,300,000 was allocated into liability component and equity component. An equity component of approximately HK$273,000 was released from the convertible loan note equity reserve.

(b) (i) Pursuant to a board of directors' meeting held on 6 November 2006, an amount of HK$45,000,000 was transferred from the contributed surplus account to set off against the accumulated losses of the Company for payment of 2006 interim dividend of HK$41,462,000.

(ii) Pursuant to a board of directors' meeting held on 8 June 2007, an amount of HK$28,000,000 was transferred from the contributed surplus account to set off against the accumulated losses of the Company for the payment of 2006 final dividend of HK$27,661,000.

(iii) Pursuant to a minutes of a board of directors' meeting held on 3 September 2007, an amount of HK$30,000,000 was transferred from the contributed surplus account to set off against the accumulated losses of the Company for the payment of 2007 interim dividend of HK$29,672,000.

(c) (i) On 10 January 2006, 155,000,000 placing shares of HK$0.10 each were issued at a placing price of HK$0.40 each to independent third parties. On the same date, 120,000,000 subscription shares of HK$0.10 each were issued to Celestial Investment Group Limited ("CIGL") at a price of HK$0.40 each. The gross proceeds of the two transactions of HK$62,000,000 and HK$48,000,000 respectively were raised to settle part of the consideration of the acquisition of an online game business as mentioned in note 35(a)(i). These shares rank pari passu in all respects with other shares in issue.

(ii) On 18 January 2006, convertible loan note amounting to HK$16,200,000 was converted into 60,000,000 ordinary shares of the Company at a conversion price of HK$0.27 each.

(iii) In January 2006, 520,000 share options and 650,000 share options respectively were exercised at an exercise price of HK$0.34 per share, resulting in the issue of 520,000 shares and 650,000 shares of HK$0.10 each on 25 January 2006 and 26 January 2006 respectively for a total consideration (before expenses) of HK$400,000. These shares rank pari passu in all respects with other shares in issue. These shares rank pari passu in all respect with other shares in issue.

(iv) In November 2006, 1,000,000 share options were exercised at an exercise price of HK$0.296 each, resulting in the issue of 1,000,000 shares of HK$0.10 each on 14 November 2006 for a total consideration (before expenses) of HK$296,000.

(d) (i) In April 2007, 1,000,000 share options were exercised at an exercise price of HK$0.296 per share, resulting in the issue of 1,000,000 shares of HK$0.10 each on 23 April 2007 for a total consideration (before expenses) HK$296,000. These shares rank pari passu in all respect with other shares in issue.

(ii) In July 2007, 8,600,000 share options, 40,100,000 share options, 5,000,000 share options and 9,000,000 share options respectively were exercised at an exercise price of HK$0.296 per share, resulting in the issue of 8,600,000 shares, 40,100,000 shares, 5,000,000 shares and 9,000,000 shares of HK$0.10 each on 3 July 2007, 4 July 2007, 9 July 2007 and 27 July 2007 respectively for a total consideration (before expenses) of HK$18,559,200. These shares rank pari passu in all respects with other shares in issue.

(iii) In August 2007, 2,600,000 share options and 35,200,000 share options respectively were exercised at an exercise price of HK$0.296 per share, resulting in the issue of 2,600,000 shares and 35,200,000 shares of HK$0.10 each on 7 August 2007 and 13 August 2007 respectively for a total consideration (before expenses) of HK$11,188,800. These shares rank pari passu in all respects with other shares in issue.

(e) On 21 November 2007, 593,420,579 shares of HK$0.10 each were issued by way of rights issue at a subscription price of HK$0.40 per share. The gross proceeds before expenses were approximately HK$237,368,000.

(f) Pursuant to a minute of an annual general meeting held on 1 June 2007, an amount of HK$100,000,000 was transferred from the share premium account to contributed surplus account where it may be utilised in accordance with the bye-laws of the Company and all the applicable laws.

(g) The contributed surplus of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate of the nominal amount of the issued share capital and the reserves of CASH on-line Limited, the then holding company of the Group prior to the group reorganisation, pursuant to the group reorganisation after deducting the expenses in connection with the listing of the Company's shares and the acquisition of subsidiaries, and the net amount arising from the capital reduction, reduction of share premium account and amounts transferred to eliminate accumulated losses.

Consolidated Cash Flow Statement
For the year ended 31 December 2007

	NOTES	2007 HK$'000	2006 HK$'000
Operating activities			
Profit before taxation		235,515	46,137
Adjustments for:			
Convertible loan note settlement income		–	(291)
Advertising and telecommunication services expenses	34(a)	2,233	4,933
Allowance for bad and doubtful debts		1,339	100
Bad debt on accounts and loan receivables written off directly		227	80
Amortisation of intangible assets		1,731	4,131
Depreciation of property and equipment		9,809	8,173
Interest expense		91,928	49,027
Employee share option benefits		–	1,613
Gain on disposal of subsidiaries	36	(41,701)	–
Gain on disposal of intangible asset		(9)	–
Loss on disposal of property and equipment		–	98
Net decrease in fair value of derivative financial instrument		–	16
Impairment loss on amount due from an associate		4,075	–
Share of loss of associates		3,370	–
Operating cash inflows before movements in working capital		308,517	114,017
Increase in inventories		(676)	(349)
Increase in accounts receivable		(151,142)	(306,408)
(Increase) decrease in loan receivables		(10,011)	19,016
Increase in prepayments, deposits and other receivables		(34,645)	(2,563)
Increase in deposit with brokers		(69,188)	–
Increase in amount due from an associate		(4,519)	(373)
Decrease (increase) in amounts due from fellow subsidiaries		3,016	(2,491)
Increase in investments held for trading		(4,954)	(11,845)
Increase in bank balances – trust and segregated accounts		(353,950)	(221,675)
Increase in accounts payable		447,656	364,024
Increase in accrued liabilities and other payables		62,980	4,053
Increase in deferred revenue		9,942	8,027
Cash from (used in) operations		203,026	(36,567)
Income taxes paid		(10,685)	(845)
Net cash from (used in) operating activities		192,341	(37,412)

	NOTES	2007 HK$'000	2006 HK$'000
Investing activities			
Investment in an associate		(67,833)	–
Increase in loan to an associate		(10,296)	–
Disposal of subsidiaries	*36*	(35,976)	–
Acquisition of business	*35(a)*	–	(64,407)
Acquisition of assets and liabilities	*35(b)*	37	(736)
Increase in bank deposits under conditions		(862)	(10,688)
Statutory and other deposits refunded (paid)		7,105	(8,677)
Purchase of intangible assets		–	(171)
Purchases of property and equipment		(10,728)	(20,306)
Proceeds on disposal of property and equipment		–	5
Proceeds on disposal of intangible assets		1,769	–
Receipt on amounts receivable on disposal of subsidiaries		9,855	–
Net cash used in investing activities		(106,929)	(104,980)
Financing activities			
Increase in loan from a minority shareholder		27,437	–
(Decrease) increase in bank overdrafts		(87,281)	59,610
Increase in bank loans		40,520	48,421
Repayment of loans		–	(12,105)
Proceeds on issue of shares		267,412	110,693
Share issue expenses		(467)	(3,000)
Dividend paid		(57,333)	(41,462)
Dividend paid to minority interests		–	(353)
Interest paid on bank borrowings		(91,923)	(48,739)
Interest paid on obligations under finance leases		(5)	(14)
Interest paid on convertible loan note		–	(212)
Repayment of obligations under finance leases		(330)	(149)
Repayment of convertible loan note		–	(14,300)
Net cash from financing activities		98,030	98,390
Net increase (decrease) in cash and cash equivalents		183,442	(44,002)
Cash and cash equivalents at beginning of year		73,226	117,516
Effect of change in foreign exchange rate		–	(288)
Cash and cash equivalents at end of year		256,668	73,226
Bank balances (general accounts) and cash		256,668	73,226

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its immediate holding company is Celestial Investment Group Limited ("CIGL"), a limited company incorporated in British Virgin Islands. Its ultimate holding company is Celestial Asia Securities Holdings Limited ("CASH"), a company incorporated in Bermuda with its shares being listed on the Main Board of the Stock Exchange. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, while the address of the principal place of business of the Company is 21/F, The Center, 99 Queen's Road Central, Hong Kong.

In 2008, the Company voluntarily withdrew its listing status on the GEM board and became listed on the Main Board by introduction. Dealing of the Company's shares on Main Board commenced on 3 March 2008.

The principal activity of the Company is investment holding. The principal activities of the Group were the provision of (a) online and traditional brokerage of securities, futures, options and leverage foreign exchange contracts as well as mutual funds and insurance-linked investment products, (b) margin financing and money lending, (c) corporate finance and (d) online game services, sales of online game auxiliary products and licensing services. During the year, the operations of online game and related services was discontinued *(see note 13)*.

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

2. Application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The application of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior years under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards and interpretations will have no material impact on the financial position and financial results of the Group.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions [2]
HK(IFRIC) – INT 12	Service concession arrangements [3]
HK(IFRIC) – INT 13	Customer loyalty programmes [4]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction [3]

[1] *Effective for annual periods beginning on or after 1 January 2009.*
[2] *Effective for annual periods beginning on or after 1 March 2007.*
[3] *Effective for annual periods beginning on or after 1 January 2008.*
[4] *Effective for annual periods beginning on or after 1 July 2008.*

3. Significant accounting policies

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments and investment property, which are measured at fair values as explained in the accounting policies set out below. The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiaries at the date of acquisition.

Such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiaries at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associates (which includes any long-term interests that, in substance, form part of the Group's net investments in the associates), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue arising from financial services are recognised on the following basis:

- The net increase or decrease in fair value of trading investments are recognised directly in net profit or loss;

- Commission income for broking business is recorded as income on a trade date basis;

- Underwriting commission income, sub-underwriting income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed;

- Advisory and other fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and

- Interest income from clients are recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Revenue arising from the online game services are recognised on the following basis:

- Online game income is recognised when the in-game premium features is consumed or points for in-game premium features is expired. Payments received from the sales of points for in-game premium features that have not been consumed are recorded as deferred revenue;

- Sales of online game auxiliary products are recognised when products are delivered and title has passed; and

- Licensing fee income is recognised on a straight-line basis over the licensing period.

Other interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rates prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Retirement benefits costs

Payments to defined contribution retirement benefits plan/state-managed retirement benefits schemes/the Mandatory Provident Fund Scheme are charged as expenses when employees have rendered service entitling them to the contributions.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

<u>Financial assets at fair value through profit or loss</u>

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss represent financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts receivable, loan receivables, loan to an associates, deposits and other receivables, amounts due from associate and fellow subsidiaries, amounts receivable on disposal of subsidiaries, deposit with brokers, bank balances and deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as loan receivables and accounts receivable arising from the business of dealing in securities and equity options with margin clients, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and loan receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the accounts receivable and loan receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Convertible loan note

Convertible loan note issued by the Company that contain early redemption option, financial liability and equity components are classified separately into respective early redemption option derivative, liability and equity components on initial recognition. On initial recognition, the early redemption option derivative, liability and equity component are recognised at fair value. The carrying amount of the equity component is determined by deducting the fair values of the financial liability and early redemption option derivative from the fair value of the compound financial instrument as a whole. Issue costs are apportioned between the components of the convertible loan note based on their relative fair value at the date of issue. The issue costs relating to the equity component are charged directly to equity. The issue costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan note using the effective interest method. The portion relating to the derivative is charged directly to profit or loss.

In subsequent periods, the embedded derivative component is carried at fair value, with changes in fair value being recognised in profit or loss directly. The liability component of the convertible loan note is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan note equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Other financial liabilities

Other financial liabilities (including accounts payable, other payables, amount due to a fellow subsidiary, bank borrowings and loan from a minority shareholder) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Equity-settled share-based payment transactions (share options granted to employees of the Group for their services to the Group)

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expenses in full at the grant date when share options granted vested immediately, with a corresponding increase in equity (share-based payment reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The effect of change in estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to share-based payment reserve.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses/retained earnings.

Impairment losses (other than goodwill and intangible assets with indefinite useful lives)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, the management has made various estimates based on past experience, expectations of the future and other information. The key source of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements within the next financial year is disclosed below.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each client. If the financial conditions of client of the Group and their ability to make payments improved, reversal of allowances may be required.

5. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowings disclosed in note 31, and equity attributable to equity holders of the Company, comprising issued share capital disclosed in note 32, reserves and retained earnings as disclosed in consolidated statements of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Certain group entities are regulated by the Securities and Futures Commission ("SFC") and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance. Management monitors, on a daily basis, the entities' liquid capital to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules.

The Group covenant to maintain deposits of not less than HK$15,000,000 with a bank as a condition precedent to an overdraft facility granted by the bank.

Categories of financial instruments

	2007	**2006**
	HK$'000	*HK$'000*
Financial assets		
Fair value through profit or loss	59,271	54,317
Loans and receivables (including cash and cash equivalents)	2,426,222	1,492,052
Financial liabilities		
Amortised cost	1,644,066	1,229,561

Financial risk management objectives and policies

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

Market risk

Equity price risk

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

Equity price sensitivity

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

For the year ended 31 December 2007, if the market bid prices of the listed investments had been 10 percent higher/lower, the Group's profit would increase/decrease by HK$5,927,000 (2006: HK$5,432,000). This is mainly attributable to the changes in fair values of the listed investments held for trading.

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

Cash flow interest rate risk

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

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

For the year ended 31 December 2007, if the interest rate of bank borrowings, loans receivable, loans to margin clients and bank balances had been 100 basis point higher/lower, the Group's profit would increase/decrease by HK$5,994,000 (2006: HK$3,257,000). This is mainly attributable to the bank interest expenses under finance costs or interest income under revenue.

Foreign currency risk

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

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

Credit risk

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

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. With regard to provision of online game services, the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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

Liquidity risk

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

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The difference between the "Total undiscounted cash flows" column and the "Carrying amount at balance sheet date" column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the consolidated balance sheet.

	Weighted average effective interest rate	Less than 1 month	Between 1 to 3 months	Between 3 months to 1 year	Between 1 to 2 years	Total undiscounted cash flows	Carrying amount at balance sheet date
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2007							
Non-interest bearing	–	1,413,000	–	–	–	1,413,000	1,413,000
Variable interest rate instruments	HIBOR plus spread *(Note)*	1	106	239,621	–	239,728	231,066
		1,413,001	106	239,621	–	1,652,728	1,644,066
At 31 December 2006							
Non-interest bearing	–	949,463	–	–	–	949,463	949,463
Obligations under finance leases	1.4 – 6%	224	–	–	124	348	330
Variable interest rate instruments	HIBOR plus spread *(Note)*	21,297	140,509	122,148	1,409	285,363	279,768
		970,984	140,509	122,148	1,533	1,235,174	1,229,561

Note: The prevailing market rate at the balance sheet date is used in the maturity analysis.

The following table details the Group's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. The difference between the "Total undiscounted cash flows" column and the "Carrying amount at balance sheet date" column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the consolidated balance sheet.

	Weighted average effective interest rate	Repayable on demand	Less than 1 month	Between 1 to 3 months	Between 3 month to 1 year	Between 1 to 2 years	Over 2 years	Undated	Total undiscounted cash flows	Carrying amount at balance sheet date
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000 (Note 2)*	*HK$'000*	*HK$'000*
At 31 December 2007										
Non-interest bearing	–	–	529,459	–	–	–	–	10,296	539,755	539,755
Variable interest rate instruments	Prime Rate plus spread *(Note 1)*	452,624	503,080	–	24	179,231	69	–	1,135,028	1,112,844
Fixed interest rate instrument	3.5%	–	1,157	803,025	28,896	103	–	–	833,181	832,894
		452,624	1,033,696	803,025	28,920	179,334	69	10,296	2,507,964	2,485,493
At 31 December 2006										
Non-interest bearing	–	–	393,799	–	–	–	–	–	393,799	393,799
Variable interest rate instruments	Prime Rate plus spread *(Note 1)*	447,312	195,683	–	22	26	102	–	643,145	638,913
Fixed interest rate instruments	3.3%	–	–	495,865	27,889	–	–	–	523,754	513,657
		447,312	589,482	495,865	27,911	26	102	–	1,560,698	1,546,369

Notes:

(1) The prevailing market rate at the balance sheet is used in the maturity analysis.

(2) The loan to the associate has no fixed repayment terms and is expected to be recovered after 1 year.

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices from observable current market transactions; and

- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, the fair values of a non-option derivatives are estimated using discounted cash flow analysis and the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black-Scholes pricing model).

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. Revenue

	2007	**2006**
	HK$'000	*HK$'000*
Continuing operations:		
Fees and commission income	511,881	263,032
Interest income	154,497	82,945
	666,378	345,977
Discontinued operations:		
Online game income	23,309	25,316
Sales of online game auxiliary products	9,738	9,459
Licensing income	2,064	2,476
	35,111	37,251

7. Business and geographical segments

Business segments

For management purposes, the Group is organised into four main operating divisions, namely, broking, financing, corporate finance and online game services. The online game services division arose from acquisition of online game business on 10 January 2006 as mentioned in note 35(a)(i) and was disposed of and discontinued on 1 June 2007 as mentioned in notes 13 and 36. The following four divisions are the basis on which the Group reports its primary segment information.

Principal activities for the year are as follows:

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

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

Consolidated income statement for the year ended 31 December 2007

	Continuing operations				Discontinued operations	
	Broking	**Financing**	**Corporate finance**	**Total**	**Online game services**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	502,039	154,497	9,842	666,378	35,111	701,489
RESULT						
Segment profit (loss)	184,973	36,227	(1,861)	219,339	(7,528)	211,811
Other operating income				1,859	336	2,195
Gain on disposal of subsidiaries				–	41,701	41,701
Share of loss of an associate				(3,370)	–	(3,370)
Unallocated corporate expenses				(13,217)	(3,605)	(16,822)
Profit before taxation				204,611	30,904	235,515
Taxation charge				(28,825)	–	(28,825)
Profit for the year				175,786	30,904	206,690

Consolidated balance sheet as at 31 December 2007

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS						
Segment assets	1,495,624	780,602	12,197	2,288,423	–	2,288,423
Unallocated corporate assets						338,494
Consolidated total assets						2,626,917
LIABILITIES						
Segment liabilities	1,164,302	489,678	409	1,654,389	–	1,654,389
Unallocated corporate liabilities						73,162
Consolidated total liabilities						1,727,551

Other information for the year ended 31 December 2007

	Continuing operations					Discontinued operations	
	Broking	Financing	Corporate finance	Unallocated	Total	Online game services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to property and equipment	39	–	–	5,006	5,045	5,683	10,728
Allowance for bad and doubtful debts	1,041	298	–	–	1,339	–	1,339
Depreciation of property and equipment	59	–	–	7,344	7,403	2,406	9,809
Amortisation of intangible assets	–	–	–	–	–	1,731	1,731

Consolidated income statement for the year ended 31 December 2006

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	247,547	85,054	13,376	345,977	37,251	383,228
RESULT						
Segment profit (loss)	64,917	15,277	2,219	82,413	(18,884)	63,529
Other operating income				2,178	219	2,397
Unallocated corporate expenses				(11,070)	(8,719)	(19,789)
Profit (loss) before taxation				73,521	(27,384)	46,137
Taxation charge				(5,796)	(143)	(5,939)
Profit (loss) for the year				67,725	(27,527)	40,198

Consolidated balance sheet as at 31 December 2006

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS						
Segment assets	984,705	540,658	12,542	1,537,905	182,249	1,720,154
Unallocated corporate assets						55,331
Consolidated total assets						1,775,485
LIABILITIES						
Segment liabilities	846,541	383,479	358	1,230,378	38,932	1,269,310
Unallocated corporate liabilities						22,583
Consolidated total liabilities						1,291,893

Other information for the year ended 31 December 2006

	Continuing operations					Discontinued operations	
	Broking	Financing	Corporate finance	Unallocated	Total	Online game services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to property and equipment	–	–	–	9,416	9,416	10,890	20,306
Allowance for bad and doubtful debts	–	–	100	–	100	–	100
Depreciation of property and equipment	125	–	1	6,930	7,056	1,117	8,173
Loss on disposal of property and equipment	–	–	–	–	–	98	98
Amortisation of intangible assets	–	–	–	–	–	4,131	4,131

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China ("PRC") and Taiwan. For the activities of broking, financing and corporate finance, they are based in Hong Kong and the revenue of these activities for the year ended 31 December 2007 are derived from Hong Kong. The online game services are mainly based in the PRC and Taiwan and the relevant revenue for the year ended 31 December 2007 are derived mainly from the PRC and Taiwan.

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

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	666,378	345,977
Discontinued operations:		
PRC	27,781	25,525
Taiwan	7,330	11,726
	35,111	37,251
	701,489	383,228

The following is an analysis of the carrying amount of segment assets, and additions to property and equipment, analysed by the geographical area in which the assets are located:

Carrying amount of segment assets

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	2,288,423	1,537,905
Discontinued operations:		
PRC	–	143,023
Taiwan	–	39,226
	–	182,249
	2,288,423	1,720,154

Additions to property and equipment

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Hong Kong	5,045	9,416
Discontinued operations:		
PRC	1,824	10,290
Taiwan	3,859	600
	5,683	10,890
	10,728	20,306

8. Salaries, commission and related benefits

	2007	2006
	HK$'000	*HK$'000*
Salaries, allowances and commission represent the amounts paid and payable to the directors of the Company and employees and account executives and comprise:		
Continuing operations:		
Salaries, allowances and commission	245,220	147,575
Contributions to retirement benefits schemes	2,760	2,261
Share-based payment	–	1,613
	247,980	151,449
Discontinued operations:		
Salaries, allowances and commission	10,027	10,842
Contributions to retirement benefits schemes	638	1,174
	10,665	12,016

9. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Interest on:		
Bank overdrafts and borrowings wholly repayable within five years	91,839	48,736
Finance leases	5	14
Effective interest expense on convertible loan note	–	274
	91,844	49,024
Discontinued operations:		
Interest on bank overdrafts and borrowings wholly repayable within five years	84	3

10. Directors' remuneration

The remuneration paid or payable to each of the directors during the year were as follows:

	Kwan Pak Hoo Bankee HK$'000	Wong Kin Yick Kenneth HK$'000	Law Ping Wah Bernard HK$'000	Cheng Man Pan Ben HK$'000	Chan Chi Ming Benson HK$'000	Cheng Shu Shing Raymond HK$'000	Hui Ka Wah Ronnie HK$'000	Lo Kwok Hung John HK$'000	2007 Total HK$'000
Fees:									
Executive directors	–	–	–	–	–	–	–	–	–
Independent non-executive directors	–	–	–	–	–	100	100	100	300
Other remuneration paid to executive directors:									
Salaries, allowances and benefits in kind	420	1,850	990	958	431	–	–	–	4,649
Discretionary bonus *(Note)*	–	–	–	430	–	–	–	–	430
Contributions to retirement benefit scheme	17	77	44	47	21	–	–	–	206
Total remuneration	437	1,927	1,034	1,435	452	100	100	100	5,585

	Kwan Pak Hoo Bankee HK$'000	Wong Kin Yick Kenneth HK$'000	Law Ping Wah Bernard HK$'000	Cheng Man Pan Ben HK$'000	Kwok Oi Kuen Joan Elmond HK$'000	Cheng Shu Shing Raymond HK$'000	Hui Ka Wah Ronnie HK$'000	Lo Kwok Hung John HK$'000	2006 Total HK$'000
Fees:									
Executive directors	–	–	–	–	–	–	–	–	–
Independent non-executive directors	–	–	–	–	–	100	100	100	300
Other remuneration paid to executive directors:									
Salaries, allowances and benefits in kind	120	1,290	600	734	–	–	–	–	2,744
Discretionary bonus *(Note)*	–	1,000	–	–	–	–	–	–	1,000
Share-based payment	90	90	90	90	–	15	15	15	405
Contributions to retirement benefit scheme	6	66	30	30	–	–	–	–	132
Total remuneration	216	2,446	720	854	–	115	115	115	4,581

Note: The discretionary bonus is determined by reference to the individual performance of directors and approved by Remuneration Committee Meeting.

During the year ended 31 December 2007, Mr Chan Chi Ming Benson was appointed as an executive director.

During the year ended 31 December 2006, Ms Kwok Oi Kuen Joan Elmond resigned as an executive director.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration during the year.

11. Employees' remuneration

One of the five individuals with the highest emoluments in the Group (2006: one) is a director of the Company for the year ended 31 December 2007, details of whose emolument are included in the disclosures in note 10 above. The emoluments of the remaining four (2006: four) individuals were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	3,325	3,400
Contributions to retirement benefit scheme	176	180
Performance related incentive payments	14,144	4,747
Discretionary bonus	902	260
Employee share option benefits	–	75
	18,547	8,662

Their remuneration of the five highest paid individuals (other than directors) were within the following bands:

	Number of employees	
	2007	**2006**
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	2
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	–	1
HK$6,500,001 to HK$7,000,000	1	–
HK$7,500,001 to HK$8,000,000	1	–

During the year, no remuneration was paid by the Group to the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. Taxation charge

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Current tax:		
– Hong Kong	(27,635)	(4,140)
Overprovision in prior years	385	94
Deferred taxation	(1,575)	(1,750)
	(28,825)	(5,796)
Discontinued operations:		
Current tax:		
– PRC	–	(143)
	(28,825)	(5,939)

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years.

Certain subsidiaries of the Company are operating in the PRC. These subsidiaries, which were disposed of by the Group during the year, as disclosed in note 13, are subject to tax with rate of 15% because they were registered in 張江高科技園區 (translated as Shanghai Zhang Jiang High Technological Zone). No provision for the PRC income tax has been made as they have incurred tax losses for both years.

No provision for taxation has been made for subsidiary located in Taiwan as no assessable profit is arisen for both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Profit before taxation:		
Continuing operations	204,611	73,521
Discontinued operations	30,904	(27,384)
	235,515	46,137
Taxation at income tax rate of 17.5%	(41,215)	(8,074)
Tax effect of share of loss of associate	(590)	–
Overprovision in respect of prior years	385	94
Tax effect of expenses not deductible for tax purpose	(2,775)	(3,319)
Tax effect of income not taxable for tax purpose	9,300	3,008
Tax effect of utilisation of estimated tax losses previously not recognised	10,736	5,708
Tax effect of estimated tax losses not recognised	(2,707)	(2,685)
Effect of different tax rate of subsidiaries operating in other jurisdictions	(230)	(587)
Overprovision of deferred tax assets	(1,575)	–
Other differences	(154)	(84)
Taxation for the year	(28,825)	(5,939)

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and the prior reporting years:

	Accelerated tax depreciation *HK$'000*	Estimated tax losses *HK$'000*	Intangible asset *HK$'000*	Total *HK$'000*
At 1 January 2006	(776)	4,716	–	3,940
Deferred tax liability on intangible asset arising from acquisition of subsidiaries *(note 35(a)(i))*	–	–	(2,459)	(2,459)
Credit (charge) to consolidated income statement	5	(2,370)	615	(1,750)
At 31 December 2006 and 1 January 2007	(771)	2,346	(1,844)	(269)
Eliminated on disposal of subsidiaries *(note 36)*	–	–	1,844	1,844
Credit (charge) to consolidated income statement	771	(2,346)	–	(1,575)
At 31 December 2007	–	–	–	–

As at 31 December 2007, the Group had unused estimated tax losses of HK$262,333,000 (2006: HK$321,618,000) available for offset against future profits. Deferred tax asset has been recognised in respect of nil (2006: HK$13,405,000) of such losses. No deferred tax asset has been recognised in respect of remaining HK$262,333,000 (2006: HK$308,213,000) due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

13. Discontinued operations

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

The profit (loss) for the year from the discontinued operations is analysed as follows:

	2007 *HK$'000*	2006 *HK$'000*
Gain on disposal of Netfield Group	41,701	–
Loss for the year on online game services operations	(10,797)	(27,527)
	30,904	(27,527)

The results of Netfield Group for the period from 1 January 2007 to 31 May 2007 and for the period from 10 January 2006 (date of acquisition) to 31 December 2006, which have been included in the consolidated income statement, were as follows:

	For the five months ended 31 May 2007	**For the period from 10 January 2006 to 31 December 2006**
	HK$'000	*HK$'000*
Revenue	35,111	37,251
Other operating income	336	219
Salaries, commission and related benefits	(10,665)	(12,016)
Depreciation and amortisation	(4,137)	(5,248)
Other operating and administrative expenses	(31,358)	(47,489)
Finance costs	(84)	(3)
Loss on disposal of property and equipment	–	(98)
Loss before taxation	(10,797)	(27,384)
Taxation	–	(143)
Loss for the period	(10,797)	(27,527)
Attributable to:		
The Group	(10,325)	(27,742)
Minority interests	(472)	215
	(10,797)	(27,527)

The cash flows of Netfield Group for the period are as follows:

	For the five months ended 31 May 2007	**For the period from 10 January 2006 to 31 December 2006**
	HK$'000	*HK$'000*
Net cash from (used in) operating activities	33,375	(31,614)
Net cash used in investing activities	(5,683)	(17,379)
Net cash from financing activities	48,367	56,123

The carrying amounts of the assets and liabilities of Netfield Group at the date of disposal are disclosed in note 36.

14. Profit for the year

	2007	2006
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Continuing operations:		
Auditor's remuneration	1,770	1,391
Depreciation of property and equipment		
Owned assets	7,310	6,963
Leased assets	93	93
	7,403	7,056
Advertising and promotion expenses	10,198	12,102
Operating lease rentals in respect of land and buildings	12,407	10,197
Gain on disposal of intangible asset	(9)	–
Net foreign exchange gain	(2,498)	(131)
Dividends from investments held for trading	(704)	(471)
Allowance for bad and doubtful accounts receivable	1,041	100
Allowance for bad and doubtful loan receivables (net)	298	–
Bad debt on accounts and loan receivables written off directly	227	80
Impairment loss on amount due from an associate	4,075	–
Discontinued operations:		
Auditor's remuneration	223	409
Amortisation of intangible assets	1,731	4,131
Depreciation of property and equipment		
Owned assets	2,406	1,114
Leased assets	–	3
	2,406	1,117
Advertising and promotion expenses	22,429	12,865
Operating lease rentals in respect of land and buildings	1,330	2,902
Loss on disposal of property and equipment	–	98

15. Earnings (loss) per share

The calculation of basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the Company for the year is based on the following data:

For continuing and discontinued operations

	2007	2006
	HK$'000	*HK$'000*
Profit		
Profit for the purpose of basic earnings per share	207,779	39,944
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note	–	274
Profit for the purpose of diluted earnings per share	207,779	40,218

From continuing operations

	2007	2006
	HK$'000	*HK$'000*
Profit		
Profit for the purpose of basic earnings per share	176,403	67,686
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note	–	274
Profit for the purpose of diluted earnings per share	176,403	67,960

From discontinued operations

	2007	2006
	HK$'000	*HK$'000*
Profit (loss) for the purpose of basic and diluted earnings (loss) per share	31,376	(27,742)

	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,695,238,970	1,589,792,062
Effect of dilutive potential ordinary shares assumed conversion of convertible loan note	–	25,229,374
Effect of dilutive potential ordinary shares assumed exercise of share options	20,306,550	4,760,596
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	1,715,545,520	1,619,782,032

The weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share has been adjusted for the rights issue on 21 November 2007.

16. Property and equipment

	Leasehold improvements	Furniture and fixtures	Computer and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 January 2006	34,488	21,735	27,001	1,839	85,063
Additions	7,526	133	12,647	–	20,306
Arising on acquisition of subsidiaries *(see note 35)*	8,561	79	12,662	170	21,472
Disposals/written off	(154)	(507)	(5,437)	–	(6,098)
At 31 December 2006	50,421	21,440	46,873	2,009	120,743
Additions	1,465	558	8,705	–	10,728
Arising on disposal of subsidiaries *(see note 36)*	(3,783)	(497)	(21,115)	(170)	(25,565)
Arising on acquisition of subsidiaries *(see note 35(b)(i))*	137	110	–	–	247
Disposal/written off	–	(6,628)	–	–	(6,628)
At 31 December 2007	48,240	14,983	34,463	1,839	99,525
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2006	26,854	20,735	23,876	1,380	72,845
Provided for the year	4,841	572	2,594	166	8,173
Eliminated on disposals/written off	(56)	(507)	(5,432)	–	(5,995)
At 31 December 2006	31,639	20,800	21,038	1,546	75,023
Provided for the year	5,375	322	4,008	104	9,809
Eliminated on disposals of subsidiaries *(see note 36)*	(1,141)	(80)	(2,232)	(13)	(3,466)
Eliminated on disposal/written off	–	(6,628)	–	–	(6,628)
At 31 December 2007	35,873	14,414	22,814	1,637	74,738
CARRYING VALUES					
At 31 December 2007	12,367	569	11,649	202	24,787
At 31 December 2006	18,782	640	25,835	463	45,720

At 31 December 2007, no carrying value of motor vehicles was held under finance leases (2006: HK$463,000).

The carrying values of property and equipment included fully depreciated property and equipment with cost amounting to HK$69,088,000 (2006: HK$48,771,000).

The above property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	The shorter of the lease terms and 5 years
Furniture and fixtures	5 years
Computer and equipment	3 to 5 years
Motor vehicles	3 years

17. Investment property

	HK$'000
FAIR VALUE	
At 1 January 2006	–
Acquired on acquisition of a subsidiary *(see note 35(b)(ii))*	5,000
At 31 December 2006 and 31 December 2007	5,000

The Group's property interest held under operating lease to earn rentals or for capital appreciation purpose is measured using the fair value model and is classified and accounted for as investment property.

The fair value of the Group's investment property at 31 December 2007 was arrived at on the basis of a valuation carried out at that date by Knight Frank Petty Limited, independent qualified professional valuer not connected with the Group. Knight Frank Petty Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property shown above comprises land in Hong Kong with medium-term lease.

18. Goodwill

	HK$'000
COST AND CARRYING VALUES	
At 1 January 2006	4,933
Arising on acquisition of subsidiaries *(see note 35(a)(i) & (ii))*	109,945
At 31 December 2006	114,878
Arising on disposal of subsidiaries *(see note 36)*	(109,945)
At 31 December 2007	4,933

Particulars regarding impairment testing on goodwill are disclosed in note 20.

19. Intangible assets

	Trading rights	Club membership	Online game and related intellectual property	Domain name	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 January 2006	9,092	1,970	–	–	11,062
Arising on acquisition of subsidiaries *(see note 35(a)(i), (ii) & (b)(ii))*	–	3,090	16,390	5,460	24,940
Additions	–	–	171	–	171
At 31 December 2006	9,092	5,060	16,561	5,460	36,173
Disposals	–	(1,760)	–	–	(1,760)
Arising on disposal of subsidiaries *(see note 36)*	–	–	(16,561)	(5,460)	(22,021)
At 31 December 2007	9,092	3,300	–	–	12,392
AMORTISATION					
At 1 January 2006	–	–	–	–	–
Charge for the year	–	–	4,131	–	4,131
At 31 December 2006	–	–	4,131	–	4,131
Charge for the year	–	–	1,731	–	1,731
Elimination on disposal of subsidiaries *(see note 36)*	–	–	(5,862)	–	(5,862)
At 31 December 2007	–	–	–	–	–
CARRYING VALUES					
At 31 December 2007	9,092	3,300	–	–	12,392
At 31 December 2006	9,092	5,060	12,430	5,460	32,042

At 31 December 2007, intangible assets amounting to HK$9,092,000 (2006: HK$9,092,000) represent trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange. Particulars regarding impairment testing on the trading rights are disclosed in note 20.

At 31 December 2007, intangible assets amounting to HK$3,300,000 (2006: HK$5,060,000) represent club memberships. For the purpose of impairment testing on club memberships, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is the second-hand market price less cost of disposal. During the year ended 31 December 2007, management of the Group determines that there was no impairment of the club membership since the recoverable amount of the club memberships exceeds its carrying amount.

At 31 December 2006, intangible assets of online game related intellectual property with carrying value of HK$138,000 represent internally generated online game development cost. This intangible asset has definite useful life and is amortised on a straight-line basis over three years.

At 31 December 2006, intangible assets of online game related intellectual property amounting to HK$12,292,000 represent online game development cost and licensing fee, website development cost and software technology copyrights arising from acquisition of online game business in the PRC as mentioned in note 35(a)(i). These intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis over four years.

For the purpose of impairment testing on online game related intellectual property, the recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a four-year period, and discount rate of 15%. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted active concurrence user, peak concurrence user and payment subscribers. Such estimation is based on the past performance and management's expectations for the market development. The value in use at 31 December 2006 has been supported by valuation carried out at that date by B. I. Appraisals Limited, an independent qualified professional valuer not connected with the Group. Based on the valuation report, there is no impairment of online game related intellectual property since the recoverable amount exceeds its carrying value.

At 31 December 2006, intangible assets amounting to HK$5,460,000 represent domain name. It is purchased from acquisitions of subsidiaries as disclosed in note 35(a)(ii). It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life.

The domain name is considered by the management of the Group as having an indefinite useful life because it is expected to be used indefinitely. The domain name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing on domain name, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is arrived at by market approach, which is to determine the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs to sell at 31 December 2006 has been supported by valuation carried out at that date by B.I. Appraisals Limited, an independent qualified professional valuer not connected with the Group. Based on the valuation report, there is no impairment of domain name since the recoverable amount of the domain name exceeds its carrying value.

20. Impairment testing on goodwill and trading rights

As explained in note 7, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill and trading rights set out in notes 18 and 19 respectively have been allocated to three individual cash generating units (CGUs) respectively, including two subsidiaries in broking and one subsidiary in corporate finance. The carrying amounts of goodwill and trading rights at the balance sheet date allocated to these units are as follows:

	Goodwill		Trading rights	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Broking – Broking of securities	–	–	9,092	9,092
Broking – Mutual funds and insurance-linked investment product	2,272	2,272	–	–
Corporate finance	2,661	2,661	–	–
Online game services	–	109,945	–	–
	4,933	114,878	9,092	9,092

During the year ended 31 December 2007, management of the Group determines that there is no impairment of any of its CGUs containing goodwill or trading rights.

The recoverable amounts of the CGUs of broking and corporate finance have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a three-year period, and discount rate of 6%. A key assumption for the value in use calculations is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of the assumption would not cause the aggregate carrying amount of the above CGUs to exceed the aggregate recoverable amount of the above CGUs.

21. Other assets

	2007	**2006**
	HK$'000	*HK$'000*
Statutory and other deposits	9,136	16,241

Statutory and other deposits represent deposits with various exchanges and clearing houses.

22. Loan receivables

	2007	2006
	HK$'000	*HK$'000*
Variable-rate loan receivables denominated in Hong Kong dollar	33,399	45,900
Fixed-rate loan receivables denominated in Hong Kong dollar	1,361	–
Less: Allowance for bad and doubtful debts	(5,717)	(26,570)
	29,043	19,330
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the balance sheet date)	28,867	19,227
Non-current assets (receivable after 12 months from the balance sheet date)	176	103
	29,043	19,330

Interest rates underlying the variable-rate loan receivables are Hong Kong Prime Rate plus a spread for both years. Interest rates underlying the fixed-rate loan receivables are ranging from 5% to 32.6% (2006: nil).

The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

Movement in the allowance for bad and doubtful debts is as follows:

	2007	2006
	HK$'000	*HK$'000*
Balance at the beginning of the year	26,570	38,136
Amounts written off during the year	(21,151)	(11,566)
Increase (decrease) during the year		
Charge for the year	1,997	–
Reversal for the year	(1,699)	–
Balance at the end of the year	5,717	26,570

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the Group's loan receivables are debtors, with a carrying amount of HK$28,720,000 (2006: HK$14,540,000) which are past due at the reporting date for which the directors of the Company considered them as recoverable since the amounts are either fully secured by marketable securities pledged by the debtors or subsequently settled and thus no provision is considered necessary.

In respect of loan receivables which are past due but not impaired at the respective balance sheet date, the aged analysis (from due date) is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
0 – 30 days	4,267	4,268
31 – 60 days	23,312	–
61 – 90 days	–	–
Over 90 days	1,141	10,272
	28,720	14,540

The loan receivables with a carrying amount of HK$323,000 (2006: HK$4,790,000) which are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable.

Loan receivables with an aggregate carrying value of approximately HK$4,267,000 (2006: HK$4,968,000) are secured by pledged marketable securities at fair values of HK$11,934,000 (2006: HK$9,776,000).

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

	2007	**2006**
	HK$'000	*HK$'000*
Within one year	27,602	19,227
In more than one year but not more than two years	25	23
In more than two years but not more than three years	27	25
In more than three years but not more than four years	28	27
In more than four years but not more than five years	–	28
	27,682	19,330

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

	2007	2006
	HK$'000	*HK$'000*
Within one year	1,265	–
In more than one year but not more than two years	96	–
	1,361	–

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

23. Interests in associates

	2007	2006
	HK$'000	*HK$'000*
Cost of investments in an associate		
Unlisted shares	67,833	–
Share of post-acquisition reserve	1,315	–
Share of post-acquisition loss	(3,370)	–
	65,778	–
Loan to an associate *(Note)*	10,296	–

Note: Pursuant to the shareholder agreement entered into between a subsidiary, Marvel Champ Investments Limited, and other shareholders of the associate on 27 June 2007, the loan to the associate is unsecured, non-interest bearing and has no fixed repayment terms. In the opinion of the directors, the loan will not be repaid within the next twelve months from 31 December 2007.

As at 31 December 2007, the Group had interest in the following associates:

Name of entity	Form of business structure	Country of incorporation/ date of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group Directly %	Indirectly %	Proportion of voting power held %	Principal activity
China Able Limited	Incorporated	British Virgin Islands ("BVI") 23 May 2007	PRC	Ordinary	33.33	–	33.33	Investment holding
Shanghai Property (No. 1) Holding SRL	Incorporated	Barbados 11 August 2006	PRC	Ordinary	–	33.33	33.33	Investment holding
昌裕(上海)房地產經營有限公司	Incorporated	PRC 11 December 2006	PRC	Ordinary	–	33.33	33.33	Property investment

As at 31 December 2006, the Group had interest in the following associates:

Name of entity	Form of business structure	Country of incorporation/ date of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group Directly %	Indirectly %	Proportion of voting power held %	Principal activity
RACCA Capital Inc.	Incorporated	BVI 24 April 2006	Hong Kong	Ordinary	33.33	–	33.33	Inactive
RACCA Capital Limited	Incorporated	Hong Kong 17 May 2006	Hong Kong	Ordinary	–	33.33	33.33	Introducing agent

The summarised financial information in respect of the Group's associates is set out below:

	2007	2006
	HK$'000	*HK$'000*
Total assets	327,781	1,776
Total liabilities	(130,446)	(3,318)
Net assets (liabilities)	197,335	(1,542)
Group's share of net assets of associates	65,778	–

	2007	2006
	HK$'000	*HK$'000*
Revenue	–	600
Loss for the year	(10,111)	(1,542)
Group's share of loss of associates for the year	(3,370)	–

As at 31 December 2006, the Group has discontinued recognition of its share of losses of certain associates. The amount of unrecognised share of losses of those associates, extracted from the relevant management accounts of associates, both for the year and cumulatively, is HK$509,000 as at 31 December 2006. During the year ended 31 December 2007, the Group acquired the remaining interests in those associates as disclosed in note 35(b)(i).

Pursuant to the shareholder agreement entered into between a subsidiary, Marvel Champ investments Limited, and the other shareholders of the associate on 27 June 2007, the Group is required to make capital contribution to the associate amounting to HK$153,200,000. During the year, the associate has obtained banking facilities to finance its operations. Accordingly, the outstanding capital contribution from the Group and other shareholders were reduced. The outstanding capital contribution of the Group commitment was reduced from HK$153,200,000 to HK$84,388,000. During the year, the Group has made payments of HK$67,833,000 and HK$10,296,000 in the form of capital injection and shareholders' loan respectively to the associate. At 31 December 2007, the remaining capital contribution of the Group amounted to HK$6,259,000.

24. Inventories

	2007	**2006**
	HK$'000	*HK$'000*
Consumables:		
Online game auxiliary products (at cost)	–	674

25. Other financial assets and liabilities

Amounts receivable on disposal of subsidiaries

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

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

Amounts due from an associate and fellow subsidiaries

The amounts are non-interest bearing, unsecured and are repayable on demand.

Deposit with brokers

The amount represents deposit with brokers for trading in securities. The amount is unsecured, repayable on demand and bears interest at 3.2%.

Bank balances – trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates with an original maturity of three months or less.

Loan from a minority shareholder

The amount is non-interest bearing, unsecured and is repayable on demand.

26. Accounts receivable

	2007	**2006**
	HK$'000	*HK$'000*
Accounts receivable arising from the business of dealing in securities and equity options:		
Clearing houses, brokers and dealers	216,343	125,450
Cash clients	166,310	112,334
Margin clients	449,162	443,524
Accounts receivable arising from the business of dealing in futures and options:		
Clients	68	–
Clearing houses, brokers and dealers	93,032	83,847
Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products	5,238	3,479
Accounts receivable arising from the business of provision of corporate finance services	1,442	372
Accounts receivable arising from the business of provision of online game services	–	12,715
	931,595	781,721

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

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

	2007	**2006**
	HK$'000	*HK$'000*
0 – 30 days	4,173	10,849
31 – 60 days	619	2,387
61 – 90 days	697	1,690
Over 90 days	1,191	1,640
	6,680	16,566

Loans to margin clients are secured by clients' pledged securities at fair values of HK$1,827,557,000 (2006: HK$731,854,000). The loans are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

Accounts receivable are netted off by allowance for bad and doubtful debts of HK$9,330,000 (2006: HK$20,086,000).

The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and age analysis of accounts and on management's judgement including the current creditworthness, collaterals and the past collection history of each client.

Movement in the allowance for bad and doubtful debts:

	2007	**2006**
	HK$'000	*HK$'000*
Balance at the beginning of the year	20,086	27,872
Amounts written off during the year	(11,797)	(7,886)
Charge for the year	1,041	100
Balance at the end of the year	9,330	20,086

In addition to the individually assessed allowance for bad and doubtful debt, the Group has also provided, on a collective basis, loan impairment allowance for account receivables arising from the business of dealing in securities and equity options with margin client that are individually insignificant or accounts receivable where no impairment has been identified individually. Objective evidence of collective impairment could include Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

Included in the Group's accounts receivable are debtors, with a carrying amount of HK$24,278,000 (2006: HK$30,666,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality. And the Group believes that the amounts are still considered recoverable since more than 96% of the carrying amount are subsequently settled.

In respect of accounts receivable which are past due but not impaired at the respective balance sheet date, the aged analysis is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
0 – 30 days	21,771	24,949
31 – 60 days	619	2,387
61 – 90 days	697	1,690
Over 90 days	1,191	1,640
	24,278	30,666

The accounts receivable with a carrying amount of HK$907,317,000 (2006: HK$751,055,000) are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable.

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

Name	Balance at 1 January	Balance at 31 December	Maximum amount outstanding during the year	Market value of pledged securities at fair value at 31 December
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Directors of both the Company and CASH				
Mr Wong Kin Yick Kenneth and associates *(Note)*				
2006	1,087	648	1,720	7,119
2007	648	1,678	28,842	3,941
Mr Law Ping Wah Bernard and associates				
2006	–	–	345	–
2007	–	–	29,489	19,914
Director of the Company				
Mr Cheng Man Pan Ben and associates				
2006	–	–	274	–
2007	–	–	23,349	1,945
Director of CASH				
Mr Lin Che Chu George and associates				
2006	–	–	–	–
2007	–	–	29,703	12,900
Subsidiaries of CASH				
Kawoo Finance Limited				
2006	–	–	31,014	–
2007	–	–	29,146	978
E-Tailer Holding Limited				
2006	–	–	27	–
2007	–	–	–	–

Name	Balance at 1 January	Balance at 31 December	Maximum amount outstanding during the year	Market value of pledged securities at fair value at 31 December
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Substantial shareholder of CASH				
Cash Guardian Limited				
2006	11,569	–	12,720	16,983
2007	–	–	–	930
Mr Kwan Pak Hoo Bankee and associates				
2006	–	–	–	–
2007	–	–	29,021	10,161
Substantial shareholder of the Company				
Abdulrahman Saad Al-Rashid & Sons Company Limited ("ARTAR") and associates				
2006	–	–	–	–
2007	–	–	2,060,400	218,735

Note: Associates are defined in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

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

27. Investments held for trading

	2007	2006
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	57,613	54,317
Investment funds	1,658	–
	59,271	54,317

The fair values of the listed investments held for trading are determined based on the quoted market bid prices available on the relevant exchanges.

The fair value of the investment funds is determined based on the price quoted in an active market.

28. Bank deposits under conditions

	2007	**2006**
	HK$'000	*HK$'000*
Other bank deposits *(Note (a))*	17,105	16,685
Pledged bank deposits *(Notes (b) and (c))*	11,570	11,128
	28,675	27,813

The bank deposits under conditions carry average floating interest rate at prevailing market rate per annum. The effective interest rates on the Group's bank deposits under conditions are also equal to contracted interest rates.

Notes:

(a) Pursuant to a letter of undertaking given by the Group to a bank, the Group covenant to maintain deposits of not less than HK$15,000,000 with a bank as a condition precedent to an overdraft facility granted by the bank. The bank deposits will mature within one year or at an earlier date when the overdraft facility is expired.

(b) The Group's bank deposits of HK$10,574,000 (2006: HK$10,211,000) were pledged to secure the general banking facilities granted by a bank. At 31 December 2007, the banking facilities were not utilised.

(c) The Group's bank deposits of HK$996,000 (2006: HK$917,000) were pledged for bank guarantee of rental deposit. The bank deposits will mature when the bank guarantee is expired.

29. Accounts payable

	2007	2006
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities and equity options:		
Cash clients	963,379	679,498
Margin clients	255,425	106,132
Accounts payable to clients arising from the business of dealing in futures and options	151,097	142,500
Accounts payable to clients arising from the business of dealing in leveraged foreign exchange contracts	9,620	2,798
Accounts payable arising from the online game services	–	937
	1,379,521	931,865

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

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

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

The accounts payable amounting to HK$928,527,000 (2006: HK$574,577,000) were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Accounts payable arising from the online game services were payable for production of online game auxiliary products. The whole accounts payable were aged within 30 days.

30. Obligations under finance leases

It is the Group's policy to lease certain of its furniture and fixtures, and motor vehicles under finance leases. The average lease term is 2 to 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.4% to 6%. No arrangements have been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under finance leases				
Within one year	–	243	–	215
In more than one year but not more than two years	–	119	–	115
	–	362	–	330
Less: future finance charges	–	(32)	–	–
Present value of lease obligations	–	330	–	330
Less: Amount due for settlement within 12 months (shown under current liabilities)			–	(215)
Amount due for settlement after 12 months			–	115

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

31. Bank borrowings

	2007	**2006**
	HK$'000	*HK$'000*
Bank overdrafts, secured	2,066	89,347
Bank loans, secured	229,000	190,421
	231,066	279,768

The maturity profile of the above loans and overdrafts is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	231,066	278,521
More than one year but not exceeding two years	–	1,247
	231,066	279,768
Less: Amount due within one year shown under current liabilities	(231,066)	(278,521)
Amount due after one year under non-current liabilities	–	1,247

The Group's bank borrowings of HK$231,066,000 (2006: HK$277,347,000) used to finance the financing business of the Group were secured by:

(a) corporate guarantees from the Company; and

(b) marketable securities of the Group's clients of carrying value of HK$502,840,000 (2006: HK$634,548,000) (with client's consent).

The bank loan amounting to HK$2,421,000 as at 31 December 2006 was secured by personal guarantee from 鍾明晃 (translated as Chung Ming Fong) a director of a subsidiary disposed of in 2007, namely 富格曼科技股份有限公司 (translated as Fugleman Entertainment Company).

In addition, pursuant to a letter of undertaking given by the Group to a bank, the Group covenant to maintain deposits of not less than HK$15,000,000 with a bank as a condition precedent to an overdraft facility granted by the bank *(see note 28)*.

Bank overdrafts amounting to HK$2,066,000 (2006: HK$89,347,000) carried interest at HIBOR plus a spread. Bank borrowings amounting to HK$229,000,000 (2006: HK$188,000,000) were at variable-rate borrowings which carry interest at HIBOR plus a spread. In addition, at 31 December 2006, bank loan amounting to HK$2,421,000 was at fixed rate of 6%.

The effective interest rates on the Group's borrowings are also equal to contracted interest rates.

The Group had undrawn borrowing facility amounting to HK$1,050,936,000 (2006: HK$1,642,653,000) with floating rate and expiring within one year.

32. Share capital

	Notes	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.10 each			
Authorised:			
At 31 December 2006 and 31 December 2007		3,000,000	300,000
Issued and fully paid:			
At 1 January 2006		1,044,881	104,488
Issue of placing shares	*(a)*	155,000	15,500
Issue of subscription shares	*(a)*	120,000	12,000
Issue of conversion shares	*(d)*	60,000	6,000
Exercise of share options	*(c)*	2,170	217
At 31 December 2006 and 1 January 2007		1,382,051	138,205
Exercise of share options	*(c)*	101,500	10,150
Issue of shares due to rights issue	*(b)*	593,421	59,342
At 31 December 2007		2,076,972	207,697

Notes:

(a) Issue of new shares

On 10 January 2006, 155,000,000 placing shares of HK$0.10 each were issued at a placing price of HK$0.40 each to independent third parties. On the same date, 120,000,000 subscription shares of HK$0.10 each were issued to CIGL at a price of HK$0.40 per share. The gross proceeds of the two transactions of HK$62,000,000 and HK$48,000,000 respectively were raised to settle part of the consideration of the acquisition of an online game business as mentioned in note 35(a)(i). These shares rank pari passu in all respects with other shares in issue.

(b) Rights issue

On 21 November 2007, 593,420,579 shares of HK$0.10 each were issued by way of rights issue at a subscription price of HK$0.40 per share. The gross proceeds of approximately HK$237,368,000 were used to support its expanding share margin financing portfolio and to facilitate corresponding growth in its securities brokerage business in line with market development and for general working capital purposes. These shares rank pari passu in all respects with other shares in issue.

(c) Exercise of share options

The particulars of options exercised during the year ended 31 December 2007 and 31 December 2006 are set out below:

Date of issue of shares	**Number of options exercised and resulting number of shares in issue**	**Exercise price per share**	**Total consideration (before expenses)**
		HK$	*HK$*
2007			
23 April 2007	1,000,000	0.296	296,000
3 July 2007	8,600,000	0.296	2,545,600
4 July 2007	40,100,000	0.296	11,869,600
9 July 2007	5,000,000	0.296	1,480,000
27 July 2007	9,000,000	0.296	2,664,000
7 August 2007	2,600,000	0.296	769,600
13 August 2007	35,200,000	0.296	10,419,200
	101,500,000		30,044,000
2006			
25 January 2006	520,000	0.340	176,800
26 January 2006	650,000	0.340	221,000
14 November 2006	1,000,000	0.296	296,000
	2,170,000		693,800

All the above shares rank pari passu in all respects with the other shares in issue.

(d) Conversion of convertible loan note *(Note 33)*

On 18 January 2006, convertible loan note amounting to HK$16,200,000 was converted into 60,000,000 ordinary shares of the Company at a conversion price of HK$0.27 per share. These shares rank pari passu in all respects with other shares in issue.

33. Convertible loan note

The Company issued convertible loan note amounting to HK$40,500,000 to ARTAR, an independent third party, on 1 September 2004. It bore interest at a rate of 3% per annum and would mature on 31 December 2006 or any other date mutually agreed between the Company and ARTAR. The holder of the note did not have the right to demand for repayment of any principal amount of the note prior to its maturity and the accrued interest of the note prior to the interest payment date, and was not entitled to vote at general meetings of the Company. The Company had the right to repay early part or all of the amount and the accrued interest of the note at any time prior to the maturity date. The note was transferable to persons who were not a connected person of the Company with the consent of the Company while such consent was not required for transfer of note to the wholly-owned subsidiaries of ARTAR.

The convertible loan note contains three components, embedded derivative for early redemption right, liability and equity elements. The directors of the Company had assessed the fair value of the early redemption right and considered the fair value is insignificant. The equity element is presented in equity heading "convertible loan note equity reserve". The effective interest rate of the liability component is HIBOR plus a spread determined at date of initial recognition.

During the year ended 31 December 2005, the Company had made partial repayment of the convertible loan note in a total amount of HK$10,000,000. On 18 January 2006, ARTAR had partially converted the convertible loan note in the sum of HK$16,200,000 at the conversion price of HK$0.27 per share for a total of 60,000,000 shares of HK$0.10 each in the Company. On 1 June 2006 and 28 June 2006, the Company has made partial repayments of convertible loan note in an amount of HK$8,000,000 and HK$6,300,000 respectively. As at 28 June 2006, the convertible loan note was fully repaid.

The movement of the liability component of the convertible loan note is set out below:

	2007	**2006**
	HK$'000	*HK$'000*
Liability component at the beginning of the year	–	30,242
Interest paid	–	59
Conversion to ordinary shares	–	(16,062)
Early partial repayment	–	(14,239)
Liability at the end of the year	–	–

The partial repayment was allocated to the fair value of the liability component as at the date of early redemption determined on the same basis as initial recognition. The difference between the amount of partial repayment allocated to the liability component and the carrying amount of the liability component at that point in time is recognised directly in the income statement. During the year ended 31 December 2006, a partial repayment of HK$14,300,000 was made and a corresponding settlement income of HK$291,000 was recognised in the consolidated income statement directly.

34. Major non-cash transactions

In addition to the deferred consideration on disposal of subsidiaries as disclosed in note 36, the Company had the following non-cash transactions:

(a) Pursuant to the agreement entered into between CASH and a third party, the third party agreed to procure its group companies to provide advertising and telecommunication services to CASH and its subsidiaries and associate, including the Group. The fee for these services will be used to offset the prepayments for advertising and telecommunication services which the Group paid. During the year, the Group utilised advertising and telecommunication services amounting to approximately HK$2,233,000 (2006: HK$4,933,000).

(b) During the year ended 31 December 2006, the principal amount of convertible loan note of HK$16,200,000 was converted into 60,000,000 ordinary shares of HK$0.10 each at a conversion price of HK$0.27 each.

35. Acquisition of subsidiaries

(a) Acquisition of business

(i) Netfield Group

On 10 January 2006, the Group acquired 100% of the equity interest of Netfield Technology Limited from an independent third party for an aggregate consideration of HK$110,000,000 and related cost of acquisition of approximately HK$6,484,000. This acquisition was accounted for using the purchase method. The amounts of goodwill and intangible assets arising as a result of the acquisition were HK$102,491,000 and HK$16,390,000 respectively.

	Acquiree's carrying amount before combination	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Net liabilities acquired:			
Property and equipment	2,615	–	2,615
Prepayments, deposits and other receivables	1,496	–	1,496
Bank balances and cash	2,300	–	2,300
Accrued liabilities and other payables	(6,349)	–	(6,349)
Amount due to a shareholder	(24,694)	–	(24,694)
Intangible assets in relation to online game related intellectual property	–	16,390	16,390
Deferred tax liabilities	–	(2,459)	(2,459)
	(24,632)	13,931	(10,701)
Amount due to a shareholder assigned to the Group			24,694
Goodwill			102,491
Cash consideration			116,484
Total consideration satisfied by:			
Deposit paid			56,095
Cash consideration and related costs of the acquisition paid			60,389
			116,484
Net cash outflow arising on acquisition:			
Cash payment during the year			(60,389)
Bank balances and cash acquired			2,300
			(58,089)

The goodwill arising on acquisition is attributable to the anticipated profitability of the Group in the new business of online game services.

The Netfield Group was acquired on 10 January 2006 and contributed approximately HK$25,525,000 to the Group's revenue, and HK$23,633,000 loss to the Group's profit for the period since acquisition to 31 December 2006.

(ii) New Dragon Investments Limited and its subsidiary ("New Dragon Group")

On 31 July 2006, the Group signed a sale and purchase agreement to acquire 100% of the issued share capital of New Dragon Investments Limited with an independent third party. This acquisition was completed on 15 November 2006 and was accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately HK$7,454,000.

	Acquiree's carrying amount and fair value before combination
	HK$'000
Net assets acquired:	
Property and equipment	6,554
Domain name	5,460
Inventories	325
Trade receivables	5,763
Other receivables, deposits and prepayments	6,975
Bank balances and cash	5,182
Trade payables	(12,276)
Other payables and accruals	(11,376)
Obligations under finance leases	(172)
Amount due to shareholder	(5,014)
	1,421
Minority interests	(2,389)
Amount due to shareholder assigned to the Group	5,014
Goodwill	7,454
Cash payment (include related costs of the acquisition)	11,500
Total consideration satisfied by:	
Cash consideration paid	9,000
Related costs of the acquisition	2,500
	11,500
Net cash outflow arising on acquisition:	
Total cash payment	(11,500)
Bank balances and cash acquired	5,182
	(6,318)

The goodwill arising on acquisition is attributable to the anticipated profitability of the Group in the new market development of online game services in Taiwan.

Acquisition of New Dragon Group contributed approximately HK$11,726,000 to the Group's revenue and HK$61,000 to the Group's profit for the period since acquisition to 31 December 2006.

If the acquisition discussed in (i) and (ii) above had been completed on 1 January 2006, the Group's total revenue for the year would have been approximately HK$398,704,000, and profit for the year would have been approximately HK$35,320,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

(b) Acquisition of assets and liabilities

(i) RACCA Capital Inc. and its subsidiary

On 31 October 2007, the Group, through the acquisition of the remaining equity interests of 66.67% in RACCA Capital Inc. from the other shareholders of RACCA Capital Inc., had in substance, acquired the following assets and related liabilities, at a total consideration of US$2.

	HK$'000
Property and equipment	247
Deposits	273
Payable to the Group	(4,632)
Bank balance	38
Bank overdraft	(1)
Net liabilities assumed	(4,075)
Impairment loss on amount due from an associate	4,075
Cash consideration (US$2)	–
Net cash outflow arising on acquisition:	
Cash consideration (US$2)	–
Bank balance acquired	38
Bank overdraft acquired	(1)
Net cash inflow arising on acquisition of assets and related liabilities	37

(ii) Subsidiaries of CASH

During the year ended 31 December 2006, through the acquisition of equity interest of three subsidiaries of CASH, the Group had, in substance, acquired the following assets and related liabilities, at a total consideration of HK$852,000.

	HK$'000
Property and equipment	12,303
Club memberships	3,090
Investment property	5,000
Prepayments	1,589
Bank balances and cash	116
Accounts payable and accruals	(9,141)
Loan payable	(12,105)
Net assets acquired	852
Cash consideration	852
Net cash outflow arising on acquisition:	
Cash consideration	(852)
Bank balances and cash	116
Net cash outflow arising on acquisition of assets and related liabilities	(736)

36. Disposal of subsidiaries

As referred to in note 13, on 1 June 2007, the Group discontinued its online game services operations at the time of disposal of Netfield Group. At the same time, the Group disposed of the debt due from Netfield Group to CASH at its carrying amount of HK$102,558,000, details of these disposals were as follows:

	At 31 May 2007
	HK$'000
Net liabilities disposed of:	
Property and equipment	22,099
Intangible assets in relation to online game related intellectual property	10,699
Domain name	5,460
Inventories	1,350
Prepayments, deposits and other receivables	28,231
Bank balances and cash	84,939
Accrued liabilities and other payables	(59,306)
Amount due to the Company	(102,558)
Deferred revenue	(17,969)
Bank borrowings	(1,941)
Deferred tax liabilities	(1,844)
	(30,840)
Minority interest	(2,131)
Attributable goodwill	109,945
Release of translation reserve	288
	77,262
Gain on disposal	41,701
Debt from Netfield Group disposed	102,558
Total consideration	221,521
Satisfied by:	
Cash consideration received	50,000
Deferred consideration	172,558
Related costs of disposal	(1,037)
	221,521
Net cash outflow arising on disposal:	
Cash consideration, net of related costs	48,963
Bank balances and cash disposed of	(84,939)
	(35,976)

The deferred consideration will be settled in cash by the purchaser on or before 1 June 2009.

The impact of Netfield Group on the Group's results and cash flows in the current and prior periods is disclosed in note 13.

37. Share option schemes

(a) Share option scheme of the Company

The Company's share option scheme ("Option Scheme") was adopted pursuant to an ordinary resolution passed at the special general meeting of the Company held on 19 February 2002. The major terms of the Option Scheme are summarised as follows:

(i) The purpose was to provide incentives to:

- award and retain the participants who have made contributions to CASH and its subsidiaries and associate, including the Group ("CASH Group"); or

- attract potential candidates to serve the CASH Group for the benefit of the development of the CASH Group.

(ii) The participants included any employee, director, consultant, adviser or agent of any member of the CASH Group.

(iii) The maximum number of shares in respect of which options might be granted under the Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of the Company and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of the Company upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to the Company.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;
- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and
- the nominal value of the share.

(ix) The life of the Option Scheme is effective for 10 years from the date of adoption until 18 February 2012.

The following table discloses details of the Company's share options held by the directors and the employees of the Group and movements in such holdings:

					Number of options							
Name of scheme	Date of grant	Exercise price per share *HK$*	Exercise period	*Notes*	outstanding as at 1.1.2006	granted in 2006 *(Note 4)*	exercised in 2006 *(Note 3)*	lapsed in 2006 *(Note 6)*	outstanding as at 31.12.2006	exercised in 2007 *(Note 3)*	adjusted on 30.10.2007 *(Note 5)*	outstanding as at 31.12.2007
Directors												
Option Scheme	2.12.2003	0.340	1.6.2004-31.5.2006	*(1)*	650,000	–	–	(650,000)	–	–	–	–
	6.10.2005	0.380	6.10.2005-31.10.2006		42,000,000	–	–	(42,000,000)	–	–	–	–
	7.7.2006	0.296	7.7.2006-31.7.2008	*(4)*	–	27,000,000	–	–	27,000,000	(27,000,000)	–	–
					42,650,000	27,000,000	–	(42,650,000)	27,000,000	(27,000,000)	–	–
Employees												
Option Scheme	2.12.2003	0.340	1.6.2004-31.5.2006	*(1)*	4,420,000	–	(1,170,000)	(3,250,000)	–	–	–	–
	6.10.2005	0.380	6.10.2005-31.10.2006		33,000,000	–	–	(33,000,000)	–	–	–	–
	7.7.2006	0.296	7.7.2006-31.7.2008	*(4)*	–	74,300,000	(1,000,000)	–	73,300,000	(73,300,000)	–	–
	7.7.2006	0.262	7.7.2006-31.7.2010	*(2),(4)&(5)*	–	6,000,000	–	–	6,000,000	(1,200,000)	624,341	5,424,341
					37,420,000	80,300,000	(2,170,000)	(36,250,000)	79,300,000	(74,500,000)	624,341	5,424,341
					80,070,000	107,300,000	(2,170,000)	(78,900,000)	106,300,000	(101,500,000)	624,341	5,424,341

Notes:

(1) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.

(2) The options are vested in 4 tranches as to (i) 25% exercisable from the commencement of the exercise period; (ii) 25% exercisable from the expiry of 12 months from the commencement of the exercise period; (iii) 25% exercisable from the expiry of 24 months from the commencement of the exercise period; and (iv) 25% exercisable from the expiry of 36 months from the commencement of the exercise period.

(3) The number of options exercised during the year together with the exercise price and the weighted average preceding closing price are set out as follows:

Date of exercise	Number of options exercised	Exercise price per share	Weighted average preceding closing price
		HK$	*HK$*
			(Note)
25 January 2006	520,000	0.340	0.410
26 January 2006	650,000	0.340	0.420
14 November 2006	1,000,000	0.296	0.340
23 April 2007	1,000,000	0.296	0.355
3 July 2007	8,600,000	0.296	0.690
4 July 2007	40,100,000	0.296	0.640
9 July 2007	5,000,000	0.296	0.690
17 July 2007	9,000,000	0.296	0.770
7 August 2007	2,600,000	0.296	0.670
13 August 2007	35,200,000	0.296	0.720

Note:

This represents the weighted average closing price of the Company's shares immediately before the date of exercise.

(4) The closing price of the share immediately before the date of grant on 7 July 2006 was HK$0.290.

(5) The number and the exercise price of options which remained outstanding have been adjusted due to rights issue of shares in the Company with effect from 30 October 2007. The exercise prices per share were adjusted from HK$0.296 to HK$0.262.

(6) The lapsed options were due to expiry or cessation of employment of participants with the Group.

(7) No option was cancelled during the year.

During the year ended 31 December 2006, options were granted on 7 July 2006. The estimated fair values of the options granted on that date are HK$1,613,000.

These fair values are calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	Share option grant date 7 July 2006
Weighted average share price	HK$0.29
Exercise price	HK$0.30
Expected volatility	74%
Expected life	2 years
Risk-free rate	4.59%
Expected dividend yield	3.125%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 256 trading days. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of HK$1,613,000 for the year ended 31 December 2006 in relation to share options granted by the Company. No such expense was charged to consolidated income statement for the year ended 31 December 2007.

(b) Share option scheme of CASH

Pursuant to an ordinary resolution passed at the special general meeting of CASH held on 19 February 2002, CASH adopted a share option scheme ("CASH Option Scheme"). The major terms of the CASH Option Scheme are summarised as follows:

(i) The purpose was to provide incentives to:

- award and retain the participants who have made contributions to the CASH Group; or
- attract potential candidates to serve the CASH Group for the benefit of the development of the CASH Group.

(ii) The participants included any employee, director, consultant, adviser or agent of any member of the CASH Group.

(iii) The maximum number of shares in respect of which options might be granted under the CASH Option Scheme must not exceeded 10% of the issued share capital of CASH as at the date of approval of the CASH Option Scheme and such limit might be refreshed by shareholders in general meeting. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the CASH Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

(iv) The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the CASH Option Scheme or any other share option scheme within any 12 month period, must not exceed 1% of the shares in issue from time to time.

(v) There was no requirement for a grantee to hold the option for a certain period before exercising the option save as determined by the board of directors of CASH and provided in the offer of grant of option.

(vi) The exercise period should be any period fixed by the board of directors of CASH upon grant of the option but in any event the option period should not go beyond 10 years from the date of offer for grant.

(vii) The acceptance of an option, if accepted, must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee to CASH.

(viii) The exercise price of an option must be the highest of:

- the closing price of the shares on the date of grant which day must be a trading day;

- the average closing price of the shares for the 5 trading days immediately preceding the date of grant; and

- the nominal value of the share.

(ix) The life of the CASH Option Scheme is effective for 10 years from the date of adoption until 18 February 2012.

The following table discloses details of the share options granted by CASH and held by the directors and employees of the Group and movements in such holdings:

				Number of options					
Name of scheme	Date of grant	Exercise price per share HK$	Exercise period	outstanding as at 1.1.2006	granted in 2006	outstanding as at 31.12.2006	granted in 2007	exercised in 2007	outstanding as at 31.12.2007
Directors									
CASH Option Scheme	13.11.2006	0.323	13.11.2006-12.11.2008	–	12,000,000	12,000,000	–	–	12,000,000
	6.6.2007	0.490	6.6.2007-31.5.2009	–	–	–	14,000,000	–	14,000,000
				–	12,000,000	12,000,000	14,000,000	–	26,000,000
Employees									
CASH Option Scheme	13.11.2006	0.323	13.11.2006-12.11.2008	–	20,000,000	20,000,000	–	(12,000,000)	8,000,000
	30.5.2007	0.480	30.5.2007-31.5.2009	–	–	–	11,700,000	(4,000,000)	7,700,000
	6.6.2007	0.490	6.6.2007-31.5.2009	–	–	–	28,300,000	–	28,300,000
				–	20,000,000	20,000,000	40,000,000	(16,000,000)	44,000,000
				–	32,000,000	32,000,000	54,000,000	(16,000,000)	70,000,000

Note: No equity-settled share-based payments were recognised by the Group as the options were granted by CASH to these directors and employees of the Group for their services rendered to CASH.

38. Retirement benefits schemes

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong and terminated the defined contribution pension scheme ("Old Scheme") on 1 December 2000. All the employees of the Group in Hong Kong are required to join the MPF Scheme. In respect of those employees who leave the Group prior to completion of qualifying service period for the employer's voluntary contributions (represents contributions in excess of the mandatory requirements under the Mandatory Provident Fund Schemes Ordinance plus all the assets transferred from the Old Scheme) become fully vested, the relevant portion of the voluntary contributions forfeited will be reverted to the Group. Contributions are made based on a percentage of the employees' salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

For the year ended 31 December 2007, no forfeited voluntary contributions to the retirement benefits scheme was credited to the consolidated income statement (2006: HK$93,000).

The subsidiary in Taiwan operates pension plan under the Labor Pension Act (the "Act"). The Act provides for a defined contribution benefit plan. Under the Act, the subsidiary make monthly contributions at 6% of basic salaries (i.e. net of bonuses and benefits) to the employees' individual pension accounts.

The Group operates various benefits schemes for its full-time employees in the PRC in accordance with the relevant the PRC regulations and rules, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 5%, 17%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

39. Related party transactions

Other than as disclosed in note 36, where the Group disposed of its subsidiaries, Netfield Group, to CASH, the Group had the following transactions with related parties:

	Notes	2007 HK$'000	2006 HK$'000
Commission and interest income received from the following wholly-owned subsidiaries of CASH	*(a)*		
Kawoo Finance Limited		2,473	195
E-Tailor Holding Limited		–	5
		2,473	200
Commission and interest income received from the following substantial shareholders of CASH	*(b)*		
Cash Guardian		263	1,200
Mr Kwan Pak Hoo Bankee and associates		421	–
		684	1,200
Commission and interest income received from substantial shareholder	*(c)*	16,570	–
Commission and interest income received from the following directors of the Company	*(d)*		
Mr Wong Kin Yick Kenneth and associates		542	112
Mr Law Ping Wah Bernard and associates		477	21
Mr Cheng Man Pan Ben and associates		222	9
Mr Chan Chi Ming Benson and associates		3	–
		1,244	142
Commission and interest income received from director of CASH	*(e)*		
Mr Lin Che Chu George and associates		386	2
Placing agent commission received from CASH	*(f)*	2,632	–
Financial advisory service fee received from CASH	*(g)*	300	–
Interest income received from CASH for amounts receivable on disposal of subsidiaries	*(h)*	7,567	–
Underwriting fee received from CASH	*(i)*	–	705
Introducing fee paid to an associate	*(j)*	–	600

Notes:

(a) During the year ended 31 December 2007, the Group received commission and interest from margin financing of approximately HK$2,473,000 (2006: HK$200,000) from certain wholly-owned subsidiaries of CASH.

(b) During the year ended 31 December 2007, the Group received commission and interest income from margin financing of approximately HK$684,000 (2006: HK$1,200,000) from substantial shareholders of CASH.

(c) During the year ended 31 December 2007, the Group received commission and interest from margin financing of approximately HK$16,570,000 from a substantial shareholder of the Company.

(d) During the year ended 31 December 2007, the Group received commission and interest from margin financing of approximately HK$1,244,000 (2006: HK$142,000) from certain directors of the Company.

(e) During the year ended 31 December 2007, the Group received commission and interest from margin financing of approximately HK$386,000 (2006; HK$2,000) from a director of CASH.

(f) During the year ended 31 December 2007, the Group received placing agent commission fee of approximately HK$2,632,000 from CASH. The fee was calculated at 1% on the total proceeds from the placement received by CASH.

(g) During the year ended 31 December 2007, the Group received financial advisory service fee of approximately HK$300,000 from CASH.

(h) During the year ended 31 December 2007, the Group received interest income of HK$7,567,000 from CASH for the amounts receivable on disposal of subsidiaries. The interest was calculated at Hong Kong Prime Rate.

(i) During the year ended 31 December 2006, the Group received underwriting fee of approximately HK$705,000 from CASH. The fee was calculated at 2.5% on the total proceeds from the placement received by CASH.

(j) During the year ended 31 December 2006, the Group paid introducing fee to an associate amounting to HK$600,000.

Compensation of key management personnel

The compensation of key management personal represents the director's remuneration as follows:

	2007	2006
	HK$'000	*HK$'000*
Short-term employee benefits	5,379	4,044
Post-employment benefits	206	132
Share-based payments	–	405
	5,585	4,581

The remuneration of directors is determined by the performance of individuals and market trends.

40. Capital commitment

	2007	2006
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property and equipment	11,560	–

41. Operating lease commitments

At each of the balance sheet dates, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2007	2006
	HK$'000	*HK$'000*
Within one year	23,620	8,590
In the second to fifth year inclusive	21,029	918
	44,649	9,508

Operating lease payments represent rentals payable by the Group for its office premises. Leases are mainly negotiated for an average term of three years and rentals are fixed for an average of three years.

42. Post balance sheet events

(1) The Company voluntarily withdrew its listing status on the GEM board and became listed on the Main Board by introduction. Dealing of the Company's shares on Main Board commenced on 3 March 2008.

(2) The New Option Scheme was adopted pursuant to an ordinary resolution passed at the special general meeting of the Company held on 22 February 2008 to replace the Option Scheme due to migration of the Company's listing from the GEM board to the Main Board of the Stock Exchange.

43. Particulars of principal subsidiaries of the company

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued share capital held by the Company 2007 %	2006 %	Principal activities
CASH Asset Management Limited	Hong Kong	Ordinary HK$200,000	100	100	Provision of asset management services
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	100	100	Provision of management services for group companies
CASH Payment Services Limited	Hong Kong	Ordinary HK$2	100	100	Provision of payment gateway services
Celestial Capital Limited	Hong Kong	Ordinary HK$27,000,000	100	100	Provision of corporate finance, investment and financial advisory services
Celestial Commodities Limited	Hong Kong	Ordinary HK$10,000,000	100	100	Futures and options broking and trading
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	100	100	Money lending
Celestial Securities Limited	Hong Kong	Ordinary HK$140,000,000	100	100	Securities, equity options broking and trading, leveraged foreign exchange contracts
icoupon Limited	British Virgin Islands	Ordinary US$1	100	100	Investment holding and trading
Linkup Assets Management Limited	British Virgin Islands	Ordinary US$1	100	100	Investment holding and trading
CASH Frederick Taylor Limited	Hong Kong	Ordinary HK$1,000,000	70	70	Financial advisory consultancy

CASH E-Trade Limited and icoupon Limited are directly held by the Company. All other subsidiaries shown above are indirectly held by the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

44. Summarised balance sheet of the company

	2007	**2006**
	HK$'000	*HK$'000*
Assets		
Investments in subsidiaries	472,277	470,800
Amounts receivable on disposal of subsidiaries	162,703	–
Amounts due from subsidiaries	300,203	235,861
Bank balances (general accounts)	543	72
	935,726	706,733
Liabilities		
Accrued liabilities and other payables	6,483	1,920
Amounts due to subsidiaries	323,273	323,273
	329,756	325,193
Net asset	605,970	381,540
Capital and reserves		
Share capital	207,697	138,205
Reserves	398,273	243,335
Total equity	605,970	381,540

D. FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 30 JUNE 2007

The following financial information is extracted from the unaudited interim reports of the Group for the six months ended 30 June 2008 and 30 June 2007, together with accompanying notes to the accounts extracted from the interim report of the Group for the six months ended 30 June 2008.

Consolidated Income Statement

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

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

Consolidated Balance Sheet

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

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

Condensed Consolidated Cash Flow Statement

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

Consolidated Statement of Changes in Equity

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

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

Notes:

(a) Please refer to note (16) of share capital for details.

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

Notes:

(1) Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. In addition, the unaudited consolidated accounts include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

(2) Significant accounting policies

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

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

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

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

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

(3) Revenue

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

(4) Business and geographical segments

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

Principal activities are as follows:

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

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

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

Consolidated income statement for the six months ended 30 June 2008

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

Consolidated income statement for the six months ended 30 June 2007

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

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

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

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

(5) Taxation charge

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

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

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

(6) Discontinued operation

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

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

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

(7) Earnings per share

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

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

	Unaudited six months ended 30 June	
	2008	**2007** (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	415,281,317	320,486,540
Effect of dilutive potential ordinary shares assumed exercise of share options	322,542	7,751,462
Weighted average number of ordinary shares for the purpose of diluted earnings per share	415,603,859	328,238,002

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

(8) Property and equipment

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

(9) Intangible assets

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

(10) Interests in associates

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

(11) Amounts receivable on disposal of subsidiaries

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

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

(12) Accounts receivable

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

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

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

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

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

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

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

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

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

(13) Loan receivables

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

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

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

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

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

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

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

(14) Accounts payable

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

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

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

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

(15) Financial risk management objectives and policies

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

Market risk

Equity price risk

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

Equity price sensitivity

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

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

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

Cash flow interest rate risk

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

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

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

Foreign currency risk

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

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

Credit risk

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

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

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

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

Liquidity risk

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

(16) Share capital

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

Notes:

(a) On 24 April 2008, 1,000,000 share options were exercised at an exercise price of HK$0.262 each, resulting in the issue of a total of 1,000,000 new shares of HK$0.10 each for a total consideration (before expenses) of HK$262,000. These shares rank pari passu in all respects with other shares in issue.

(b) Pursuant to a special resolution passed by the shareholders at the annual general meeting of the Company held on 30 April 2008, the Company:

(i) consolidated every 5 issued shares of HK$0.10 each in the issued share capital of the Company to 1 share of HK$0.50 each ("Consolidated Shares") ("Share Consolidation");

(ii) reduced the issued share capital by cancelling paid up capital to the extent of HK$0.40 on each of the Consolidation Shares in issue ("Capital Reduction"); and

(iii) transferred the credit amount arising from the Capital Reduction of approximately HK$166,238,000 to the contributed surplus account.

(c) During the six months ended 30 June 2008, the Company repurchased a total of 2,586,000 shares of HK$0.10 each in its own issued share capital on the Stock Exchange for an aggregate consideration of HK$7,217,000. Accordingly, such shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares. Further details of the share repurchases are set out in the section headed "Purchase, sale or redemption of the Company's securities" as below.

(17) Related party transactions

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

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

Notes:

(a) During the six months ended 30 June 2008, the Group received commission and interest from margin financing of approximately HK$1,211,000 (2007: HK$621,000) from certain wholly-owned subsidiaries of CASH.

(b) During the six months ended 30 June 2008, the Group received commission and interest income from margin financing of approximately HK$58,000 (2007: HK$189,000) from substantial shareholder of CASH.

(c) During the six months ended 30 June 2008, the Group received commission and interest from margin financing of approximately HK$128,000 (2007: HK$525,000) from certain directors of the Company.

(d) During the six months ended 30 June 2008, the Group received commission and interest from margin financing of approximately HK$7,000 (2007: HK$118,000) from certain director of CASH.

(e) During the six months ended 30 June 2008, the Group received interest income of approximately HK$4,547,000 (2007: HK$1,099,000) from CASH for the amounts receivable on disposal of subsidiaries. The interest was calculated at Hong Kong Prime Rate.

(18) Capital commitment

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

(19) Post balance sheet date event

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

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2009, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this document, the Enlarged Group had the following indebtedness:

Borrowings

As at 28 February 2009, the Enlarged Group had total outstanding borrowings of approximately HK$370.0 million, comprising bank loans of HK$214.0 million, trust receipt loans of HK$79.2 million, mortgage loans of HK$37.9 million, an unsecured bank overdraft of HK$11.5 million and an unsecured loan of HK$27.4 million from a minority shareholder of one of its subsidiaries. Bank loans in aggregate of HK$49.0 million were collateralised by its margin clients' securities pledged to the Enlarged Group. Another bank loan of HK$10.0 million was secured by a pledged deposit. Trust receipt loans in aggregate of HK$79.2 million were secured by pledged deposits of HK$54.0 million and the Enlarged Group's building and prepaid lease payment with a total carrying amount of approximately HK$60.0 million. Mortgage loans in aggregate of HK$37.9 million were secured by the Enlarged Group's investment properties under construction with a total carrying amount of approximately HK$63.3 million. The Enlarged Group had an unsecured syndicated bank loan of HK$105.0 million (which is unguaranteed on the Enlarged Group basis) as well as unsecured bank loans of HK$50.0 million.

As at 28 February 2009, bank deposits with an aggregate amount of approximately HK$64.9 million were pledged as collateral for a bank loan and trust receipt loan facilities granted by banks to the Enlarged Group. Another deposit of HK$0.2 million was pledged to facilitate a bank guarantee for a rental deposit. A further deposit of HK$7.1 million was pledged to facilitate a standby letter of credit facility granted by a bank to an associate of the Company. In addition, pursuant to a letter of undertaking provided by the Enlarged Group to a bank, the Enlarged Group undertakes to maintain deposits of not less than HK$15.0 million with the bank as a pre-condition for an overdraft facility of HK$15.0 million granted by this bank. Accordingly, a bank deposit of approximately HK$17.1 million was held for this purpose. Therefore, total bank deposits subject to conditions were approximately HK$89.3 million as at 28 February 2009.

In addition, the Enlarged Group had an outstanding obligation under a finance lease of approximately HK$0.4 million as at 28 February 2009.

Contingent liabilities

As at 28 February 2009, the Enlarged Group had litigations/claims as disclosed in the paragraph "Litigation" in Appendix IV to the Prospectus.

Save as aforesaid, the Enlarged Group had no other material contingent liabilities as at 28 February 2009.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities, the Enlarged Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities, at the close of business on 28 February 2009.

The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Enlarged Group since 28 February 2009.

3. LIQUIDITY, FOREIGN CURRENCY AND CAPITAL COMMITMENTS

Liquidity ratio

As at 30 June 2008, the Group's cash and bank balances were HK$1,241.4 million. Our liquidity ratio was 1.4 times on 30 June 2008. Our gearing ratio, which was calculated based on the total bank borrowings of the Group divided by the total Shareholders' equity, was approximately 0.40 times on 30 June 2008.

Capital commitments

Save as the balance of the consideration of HK$240 million (subject to adjustment) to be settled by the issue of the Proposed Convertible Note(s) by the Company, the Group did not have any material capital commitment as at 28 February 2009.

Foreign exchange risk

All of the Group's borrowings and cash and cash equivalents held are mainly in HK dollar, with the interest rates priced at close to banks' funding costs. By using effective instruments to hedge any adverse changes in interest rates, our exposure to both foreign currency and interest rate fluctuation was insignificant. As at 28 February 2009, the Group did not have any material un-hedged foreign exchange exposure or interest rate mismatch.

4. WORKING CAPITAL

The Directors are of the opinion that taking into account the Enlarged Group's existing cash and bank balances as well as the present available banking facilities available to the Enlarged Group and its internally generated funds, the Enlarged Group will have sufficient working capital to satisfy its requirements for at least the next twelve months from the date of publication of the Prospectus.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, save as the profit warning of the Group as announced by the Company on 11 December 2008, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited financial statements of the Group were made up.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2008, as if it had taken place on 30 June 2008. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group following the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2008 is based on unaudited consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2008, as shown in the unaudited consolidated balance sheet of the Group as at 30 June 2008 as set out in Appendix I to the Prospectus and the adjustment described below:

	Unaudited consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2008	**Adjustment**	**Unaudited adjusted consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2008**	**Unaudited adjusted consolidated net tangible assets attributable to equity holders of the Company per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on 205,702,702 Rights Shares issued	854,785	91,000	945,785	1.53

Notes:

1. The unaudited consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2008 of HK$854,785,000 represents the net assets attributable to equity holders of the Company of HK$872,110,000, net of goodwill and intangible assets amounting to HK$17,325,000, in aggregate, as shown in the unaudited consolidated balance sheet of the Group as at 30 June 2008 as set out in Appendix I to the Prospectus.

2. The adjustment represents the estimated net proceeds from the Rights Issue of approximately HK$91.0 million calculated based on 205,702,702 Rights Shares to be issued at the subscription price of HK$0.45 per each Rights Share and after deduction of estimated related expenses, including printing and translation costs, registration fees, legal and accountancy charges and other fees, of approximately HK$1.6 million.

3. The calculation of the unaudited adjusted consolidated net tangible assets attributable to equity holders of the Company per Share is based on 618,711,107 Shares in issue, comprising 413,008,405 Shares in issue as at 30 June 2008 and 205,702,702 Rights Shares to be issued by reference to 411,405,405 Shares in issue as at 13 March 2009, the Latest Practicable Date.

4. The net tangible assets value per Share attributable to equity holders of the Company as at 30 June 2008 before the completion of the Rights Issue is HK$2.07. The calculation is based on HK$854,785,000 unaudited consolidated net tangible assets value attributable to equity holders of the Company as at 30 June 2008 and 413,008,405 issued Shares of the Company as at 30 June 2008. The unaudited consolidated net tangible assets value attributable to equity holders of the Company and the issued Shares as at 30 June 2008 have not taken into account the effect of the cancellation of a total of 1,806,000 Shares as a result of share repurchase from July 2008 to December 2008 and the exercise of 203,000 share options in July 2008.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the full text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus:

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

TO THE DIRECTORS OF CASH FINANCIAL SERVICES GROUP LIMITED

We report on the unaudited pro forma financial information of CASH Financial Services Group Limited ("Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 138 and 139 under the heading of "Unaudited Pro Forma Financial Information of the Group" in Appendix II to the prospectus issued by the Company dated 19 March 2009 ("Prospectus"). The unaudited pro forma financial information has been prepared by the Directors of the Company for illustrative purposes only, to provide information about how the proposed rights issue on the basis of 1 rights share for every existing 2 shares of the Company might have affected the financial information presented, for inclusion in Appendix II of the Prospectus. The basis of preparation of the unaudited pro forma financial information is set out on pages 138 and 139 of the Prospectus.

Respective responsibilities of the Directors of the Company and reporting accountants

It is the sole responsibility of the Directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2008 or any future date.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the Directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustment is appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 March 2009

Set out below is a summary of certain provisions of the existing memorandum of association ("Memorandum of Association") and bye-laws ("Bye-laws") of the Company and certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed, including acting as a holding and investment company, and its powers, including the powers set out in the First Schedule to the Companies Act, excluding paragraph 8 thereof. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the Directors may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the Directors may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director shall not vote or be counted in the quorum on any resolution of the Directors concerning his own appointment or the appointment of any of his associates as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of the Bye-laws, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor will any such contract with regard thereto or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he must declare the nature of his or, as the case may be, his associate(s)' interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associates then exists, or in any other case, at the first meeting of the Directors after he knows that he is or his associate(s) is or has become so interested.

Save as otherwise provided by the Companies Act and to the Bye-laws, a Director shall not vote (nor be counted in the quorum for the voting) on any resolution of the Directors approving any contract or arrangement in which he or any of his associate(s) is to his knowledge materially interested, and if he does so his vote will not be counted but this prohibition will not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to the Director or his associate(s) of any security or indemnity in respect of money lent by him or any of them or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any company in which the Company has an interest for which the Director or his associate(s) has himself/themselves guaranteed or secured in whole or in part;

(cc) any contract or arrangement by a Director or his associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the members or debenture or other securities holders or to the public which does not provide the Director and his associate(s) any privilege not accorded to any other members or debenture or other securities holders or to the public;

(dd) any contract or arrangement concerning an offer of shares, debentures or other securities of or by the Company for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or subunderwriting of the offer and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;

(ee) any contract or arrangement in which the Director or his associate(s) is/are interested by virtue only of his/their interest in shares or debentures or other securities of the Company and/or his/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;

(ff) any contract or arrangement concerning any company in which he or his associate(s) is/are interested directly or indirectly whether as an officer or an executive or a member, other than a company in which the Director or his associates owns five per cent. or more of the equity capital or voting rights of any class of shares of such company (or of any third company through which his interest is derived), excluding shares which carry no voting rights at general meetings and no or nugatory dividend and return of capital rights, and excluding shares held directly or indirectly through the Company;

(gg) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his associate(s) and employees of the Company or of any of its subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant tax authorities for taxation purposes or relates to Directors, associate(s) of Directors and employees of the Company or any of its subsidiaries and does not give the Director or his associate(s) any privilege not accorded to the relevant class of officers of which the Director is a member and to whom such scheme or fund relates;

(hh) any proposal concerning the adoption, modification or operation of any share option scheme, any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit; and

(ii) any contract, agreement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his associate(s), officer or employee pursuant to the Bye-laws.

In addition, any such Director shall excuse himself from any meeting or part of any meeting of the Board and shall not participate in any discussions in respect of any resolutions where any contract or arrangement or other proposal in which he or any of his associates is materially interested is discussed or resolved, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by the remaining Directors.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or exDirector who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and exemployees of the Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and exemployees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or exemployees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for reelection at the meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by a ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director 14 days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ix) Borrowing powers

The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

(v) change the currency denomination of its share capital;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person (or in the case of a member being a corporation, its duly authorised representative) or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

(e) Special resolution by majority required

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

(f) Voting rights (generally and on a poll) and rights to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a show of hands, every member who is present in person (or being a corporation, is present by its duly authorised representative) or by proxy shall have one vote and on a poll every member present in person or by proxy or, being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

Notwithstanding anything contained in the Bye-laws, where more than one proxy is appointed by a member which is a clearing house (as defined in the Bye-laws) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange (as defined in the Bye-laws) or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by (i) the chairman of the meeting or (ii) at least three members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting or (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the Board.

(h) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and income statement, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least 21 days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by at least 21 clear days' notice in writing, and any other special general meeting shall be called by at least 14 clear days' notice (in each case exclusive of the day on which the notice is given or deemed to be given and of the day for which it is given or on which it is to take effect). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the Board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the Board upon such terms and conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than 14 clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of nonpayment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding 20 per cent. per annum as the Board determines.

(p) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members without charge, or by any other person upon a maximum payment of five Bermuda dollars, at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act or, upon a maximum payment of $10, at the Registration Office (as defined in the Bye-laws), unless the register is closed in accordance with the Companies Act.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of 21 clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

4. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(ii) in writing off:

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

(iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its Board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the Company.

(g) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than 21 days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within 7 days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than 7 days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within 15 days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by nonresidents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a 20 per cent. interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting; (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business; or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

5. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix IV to the Prospectus. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr KWAN Pak Hoo Bankee, *Chairman*, *MBA, BBA, FFA, MHKSI, CPM(HK), MHKIM*, aged 49, joined the Board on 11 August 2000. He is responsible for the overall business strategy of the Group. Mr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking.

Mr Kwan graduated from the Murdoch University of Perth, Australia in 1998 with a Master's degree in Business Administration and from the Chinese University of Hong Kong in 1984 with a Bachelor's degree in Business Administration. Mr Kwan is also a fellow membership of the Institute of Financial Accountants of the United Kingdom since 1999 and a member of the Hong Kong Securities Institute since 1999. Mr Kwan is also a Certified Professional Marketer (Hong Kong) of Hong Kong Institute of Marketing and a member of Hong Kong Institute of Marketing.

Mr Kwan is a John Harvard fellow of Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; an honorary university fellow of The Open University of Hong Kong, a trustee of New Asia College of the Chinese University of Hong Kong; an honorary member of the Board of Trustees of Nanjing University, the PRC, and an honorary advisor of both the Graduate School of Business, Hong Kong Polytechnic University, and the Fong Yun Wah Foundation and appointed as an honorary advisor of China Charity Federation. He is also an honorary advisor to LiPACE of The Open University of Hong Kong and the Academy of Oriental Studies of Peking University, the PRC; and an advisory professor of Nanjing University, the PRC. Mr Kwan is a member of the Chinese People's Political Consultative Conference, Shanghai Committee. Mr Kwan has been a member of the Central Policy Unit of the Government of the HKSAR. At present, Mr Kwan is the honorary advisor of the Hong Kong Retail Management Association, an advisor of the Quality Tourism Services Association, a general committee member of the Hong Kong Brand Development Council, a member of China Trade Advisory Committee of Hong Kong Trade Development Council, a director of the GS1 Hong Kong Board, an honorary advisor of the CEPA Business Opportunities Development Alliance, a member of the Hong Kong Quality Assurance Agency Governing Council, the Retail Trade Training Board of Vocational Training Council and a member of the vetting committee for the SME Development Fund of the Trade and Industry Department of the Government of the HKSAR.

Mr Kwan is a substantial shareholder and the Chairman of CASH. Mr Kwan is a member of the remuneration committee, as well as a member of the remuneration committee of CASH.

Mr Kwan joined CASH's board of directors on 7 March 1998. He was an executive director of CASH Retail Management Group Limited (now known as Oriental Ginza Holdings Limited) (stock code: 996) during the period from 11 April 2000 to 15 November 2006. Save as herein disclosed, Mr Kwan has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Kwan is 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.

Mr CHAN Chi Ming Benson, *Chief Executive Officer, MBA, BA, FCCA, CPA, MHKSI*, aged 42, joined the Board on 5 October 2007. He is in charge of the Group's business development, business management and operation of the Group's corporate finance business, including investment banking advisory. Mr Chan has over 18 years of relevant experience in the field of auditing, accounting, investment banking and corporate finance. He is a holder of Master Degree of Business Administration from The Hong Kong University of Science and Technology and a holder of Bachelor of Arts (Hons.) Degree in Accountancy from The Hong Kong Polytechnic University. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute since 1999. He is also the managing director and head of investment banking group of the Group, and a responsible officer of Celestial Capital Limited (a wholly-owned subsidiary of the Company and a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities).

Mr Chan has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Chan is 21/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

Mr LAW Ping Wah Bernard, *Chief Financial Officer, MBA, FCCA, FCPA, MHKSI*, aged 50, joined the Board on 11 August 2000. He is in charge of the Group's financial and accounting management. Mr Law has extensive experience in financial management and accountancy. Mr Law graduated from the University of Warwick, United Kingdom in 1997 with a Master's degree of Business Administration. Mr Law has been a fellow of The Association of Chartered Certified Accountants since 1994, a fellow member of the Hong Kong Institute of Certified Public Accountants since 1998 and a member of Hong Kong Securities Institute since 1999. Mr Law is also an executive director and chief financial officer of CASH.

Mr Law joined CASH's board of directors on 9 March 1998. He was an executive director of CASH Retail Management Group Limited (now known as Oriental Ginza Holdings Limited) (stock code: 996) during the period from 3 May 2001 to 15 November 2006. Save as herein disclosed, Mr Law has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Law is 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.

Mr CHENG Man Pan Ben, *BA, FCCA, CPA*, aged 39, joined the Board on 7 June 2004. He is the managing director of the retail business group. Mr Cheng has extensive experience in auditing, accounting, financial controlling and project management. Mr Cheng graduated from The City University of Hong Kong in 1992 with a Bachelor's degree in Accountancy. Mr Cheng has been admitted as a fellow member of The Association of Chartered Certified Accountants since 2001 and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since 1995. Mr Cheng is a responsible officer of Celestial Securities Limited (a wholly-owned subsidiary of the Company and a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity) and Celestial Commodities Limited (a wholly-owned subsidiary of the Company and a licensed corporation under the SFO which is engaged in type 2 (dealing in futures contracts) regulated activity) under the SFO.

Mr Cheng has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Cheng is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

Mr YUEN Pak Lau Raymond, *Chief Operating Officer, BA, FCCA, CPA, ACA*, aged 45, joined the Board on 1 December 2008. He acts as the chief operating officer in charge of monitoring the Group's day-to-day operation. Mr Yuen has over 19 years of experience in accounting, auditing, financial management and operations control. Mr Yuen graduated from The City University of Hong Kong with a Bachelor of Arts in Accountancy. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and an associate of The Institute of Chartered Accountants in England and Wales.

Mr Yuen has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Yuen is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

Independent non-executive Directors

Mr CHENG Shu Shing Raymond, aged 53, joined the Board on 18 September 2002. Mr Cheng has extensive experience in watch manufacturing industry and is the managing director of a watch manufacturing and trading company in Hong Kong. Mr Cheng has been admitted as a fellow of The Professional Validation Centre of Hong Kong Business Sector in 2005 and an associateship of The Professional Validation Council of Hong Kong Industries in 2002. Mr Cheng was the winner of The Young Industrialist Awards for the year 1992 and has been a member of Young Industrialists Council Ltd since 1996. Mr Cheng is also a member of The Watches and Clocks Advisory Committee of Hong Kong Trade Development Council from 1988 to 2008 and an advisor of The Federation of Hong Kong Watch Trades and Industries Limited. Mr Cheng is also the chairman of the audit committee and the remuneration committee of the Company.

Save as herein disclosed, Mr Cheng has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Cheng is Flat D, 16/F Gee Chang Hong Centre, 65 Wong Chuk Hang Road, Aberdeen, Hong Kong.

Mr LO Kwok Hung John, *MBA, LLB, FCCA*, *CFC,* aged 50, joined the Board on 27 September 2005. Mr Lo has extensive experience in the accounting, auditing and finance field and is the managing partner of a certified public accounting firm in Hong Kong. Mr Lo graduated from the Oklahoma City University, US in 1992 with a Master's degree in Business Administration and from the University of London, United Kingdom in 2001 with a Bachelor's degree in Laws. Mr Lo has been admitted as a fellow of The Association of Chartered Certified Accountants since 1990. Mr Lo is also a Certified Financial Consultant of US since September 2007. Mr Lo is also a member of the audit committee of the Company.

Mr Lo has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Lo is Room 1102, Pacific Plaza, 418 Des Voeux Road West, Hong Kong.

Mr LO Ming Chi Charles, *JP, CPA, FFSI*, aged 59, joined the Board on 27 October 2008. Mr Lo has over 32 years of professional and business experience in financial and investment services in Australia, Hong Kong and other Asian countries. Mr Lo is a Justice of the Peace for the State of New South Wales, Australia, a Certified Practising Accountant of the CPA Australia, and a fellow member of the Financial Services Institute of Australasia. Mr Lo is also a member of the audit committee and the remuneration committee of the Company.

Mr Lo has/had also held the directorships in the following companies which are listed on the Stock Exchange:

(i) Mr Lo is an executive director, deputy chairman and chief executive officer of Poly Development Holdings Limited (stock code: 1141);

(ii) Mr Lo is an independent non-executive director of Tak Sing Alliance Holdings Limited (stock code: 126);

(iii) Mr Lo is an independent non-executive director of Hembly International Holdings Limited (stock code: 3989);

(iv) Mr Lo was an executive director of New Century Group Hong Kong Limited (stock code: 234) during the period from 29 March 1999 to 1 February 2009;

(v) Mr Lo was an independent non-executive director of CASH Retail Management Group Limited (now known as Oriental Ginza Holdings Limited) (stock code: 996) during the period from 3 November 2003 to 16 November 2006;

(vi) Mr Lo was an independent non-executive director of Freeman Corporation Limited (stock code: 279) during the period from 23 September 2004 to 21 August 2006; and

(vii) Mr Lo was an independent non-executive director of Artfield Group Limited (stock code: 1229) during the period from 16 September 1998 to 11 April 2008.

Save as herein disclosed, Mr Lo has not held any directorship in any other listed company during the three years preceding the Latest Practicable Date.

The business address of Mr Lo is Room 1704, 17/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

Senior Management

YU Lai Man Tonnie, *Deputy managing director, Brokerage Development*, aged 47, is an ordinary member of Hong Kong Securities Institute. Ms Yu joined the Group in July 1998 and has over 16 years of experience in the financial services industry. She is a responsible officer of Celestial Securities Limited. She is responsible for the sales of the Group's brokerage business. The business address of Ms Yu is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

KWAN Pak Leung Horace, *Deputy chief operating officer*, aged 45, is an ordinary member of Hong Kong Securities Institute. He joined the Group in March 1998 and has over 16 years of experience in the field of financial services. He is a responsible officer of Celestial Securities Limited and Celestial Commodities Limited respectively. He is responsible for the operation of the Group. He is the brother of Mr Kwan Pak Hoo Bankee. His business address is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

CHENG Pui Lai Majone, *Deputy managing director of CASH on-line Limited*, aged 36, is a Master Degree holder of Science in Financial Management from the University of London, United Kingdom and Bachelor Degree holder in Economics from the University of Hong Kong. Ms Cheng joined the Group in March 1998 and has over 10 years of relevant experiences in the financial services industry. She is responsible for the overall supervision of the Group's electronic trading operation. The business address of Ms Cheng is 21/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

YIU Ho Yin Patrick, *Managing director, Asset Management*, aged 35, is a Bachelor Degree holder of Economics from The Chinese University of Hong Kong. Mr Yiu joined the Group in April 2006 and has over 11 years of relevant experiences in the financial services field. He is a responsible officer of CASH Asset Management Limited licensed to engage in type 9 (asset management) regulated activities under the SFO. He is responsible for the provision of asset management services. The business address of Mr Yiu is 21/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

CHO Lok Sze Rozina, *Head of Compliance and Risk Management*, aged 33, is a Bachelor Degree holder of Commerce from McGill University in Canada with major in marketing. Ms Cho joined the Group in August 1997 and has over 11 years of experience in compliance, electronic trading development and operations. She is responsible for all brokerage compliance and risk management issues of the Group. The business address of Ms Cho is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

SHUM Hon Wo, *Head of Legal*, aged 36, is a qualified solicitor of the HKSAR. He is a Master Degree holder in Laws from City University of Hong Kong, Master Degree holder in Laws from Renmin University of China and Bachelor Degree holder in Laws from University of Hong Kong. Mr Shum joined the Group in August 2005 and has over 11 years of experience in legal field. He is the Group's legal counsel and is responsible for all legal issues of the Group. The business address of Mr Shum is 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.

WONG Hon Ming Wallace, *Qualified Accountant*, aged 42, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Wong joined the Group in March 2000 and has over 16 years of relevant experiences in the field of accounting and auditing. He is also the deputy financial controller of the Group. The business address of Mr Wong is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

LUKE Wing Sheung Suzanne, *Company Secretary*, aged 40, is a fellow of the Institute of Chartered Secretaries and Administrators. Ms Luke joined the Group in May 2000 and has over 16 years of listed company secretarial experience. In addition to taking the role as company secretary of the Company, she is also the company secretary of CASH. The business address of Ms Luke is 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.

2. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business	21/F Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

Authorised representatives	Kwan Pak Hoo Bankee (alternate: Law Ping Wah Bernard) Cheng Man Pan Ben (alternate: Luke Wing Sheung Suzanne, *a fellow of the Institute of Chartered Secretaries and Administrators*) The addresses of Mr Kwan, Mr Law and Ms Luke are 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong. The address of Mr Cheng is 7/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
Company secretary	Luke Wing Sheung Suzanne, *a fellow of the Institute of Chartered Secretaries and Administrators*
Qualified accountant	Wong Hon Ming Wallace, *a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants*
Audit committee	Cheng Shu Shing Raymond *(chairman of the audit committee)* Lo Kwok Hung John Lo Ming Chi Charles
Remuneration committee	Cheng Shu Shing Raymond *(chairman of the remuneration committee)* Lo Ming Chi Charles Kwan Pak Hoo Bankee
Auditors	Deloitte Touche Tohmatsu *Certified Public Accountants* 35/F One Pacific Place 88 Queensway Hong Kong

Underwriter	Elrond Limited Room 2204, West Tower Shun Tak Centre 200 Connaught Road Central Hong Kong
Principal share registrar and transfer office	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street Hamilton HM 11 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Standard Limited 26/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal bankers	Wing Hang Bank, Limited 161 Queen's Road Central Hong Kong Nanyang Commercial Bank, Limited 151 Des Voeux Road Central Hong Kong DBS Bank (Hong Kong) Limited Ground Floor, The Center 99 Queen's Road Central Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33/F ICBC Tower 3 Garden Road Central Hong Kong KBC Bank N.V. 39/F Central Plaza 18 Harbour Road Wanchai Hong Kong

	Oversea-Chinese Banking Corporation Limited 2305, 23/F 9 Queen's Road Central Hong Kong
	The Bank of East Asia, Limited 10 Des Voeux Road Hong Kong
Legal advisors (as to Hong Kong law)	Sidley Austin Level 39, Two International Finance Centre 8 Finance Street Central Hong Kong
Legal advisors (as to Bermuda law)	Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date and subsequent to the relevant events in relation to the Rights Issue, the authorised and issued share capital of the Company are as follows:

Authorised:

HK$	*Number of Shares*
300,000,000.00	3,000,000,000

Issued and to be issued fully paid:

HK$	*Number of Shares*	
41,140,540.50	411,405,405	presently in issue
20,570,270.20	205,702,702	to be issued under the Rights Issue
61,710,810.70	617,108,107	to be in issue after the Rights Issue

As at the Latest Practicable Date, there are 113,000 outstanding Options, but which are not eligible for exercise on or before the Record Date. The Company also has the Proposed Convertible Note(s) of approximately HK$240 million (subject to maximum adjustment amount, notwithstanding up or down, for HK$100 million), in aggregate, to be issued (subject to conditions precedent to be fulfilled) and the Purchaser Call Option to be granted upon the first completion of the sale and purchase agreement dated 19 December 2008 in respect of the option to acquire 40% of the equity interest in CRM(HK), a member of the Enlarged Group, at the consideration of approximately HK$116 million (subject to adjustment) at any time from the date of the first completion up to 31 December 2011.

4. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

Long positions in the ordinary Shares

		Number of Shares			
Name	**Capacity**	**Personal**	**Family**	**Other interest**	**Shareholding** *(%)*
Kwan Pak Hoo Bankee	Beneficial owner and founder of a discretionary trust	1,988,000	–	210,080,799*	51.55
Law Ping Wah Bernard	Beneficial owner	6,513,920	–	–	1.58
Cheng Man Pan Ben	Beneficial owner	222,240	–	–	0.05
Yuen Pak Lau Raymond	Family interest	–	200	–	0.00
Lo Kwok Hung John	Beneficial owner	186,000	–	–	0.05
		8,910,160	200	210,080,799	53.23

* *The shares were held as to 198,771,039 Shares by CIGL, a wholly-owned subsidiary of CASH and as to 11,309,760 Shares by Cash Guardian. Pursuant to the SFO, CASH was owned as to approximately 36.78% by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan. Mr Kwan was deemed to be interested in all these Shares as a result of his interests in CASH through Cash Guardian.*

B. Associated corporations (within the meaning of the SFO)

CASH

(a) Long positions in the ordinary shares of HK$0.10 each

Name	Capacity	Number of shares: Personal	Number of shares: Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Founder of a discretionary trust	–	66,398,512*	36.78
Law Ping Wah Bernard	Beneficial owner	6,784,060	–	3.76
Cheng Man Pan Ben	Beneficial owner	12,700	–	0.01
Yuen Pak Lau Raymond	Beneficial owner	650,000	–	0.36
		7,446,760	66,398,512	40.91

* *The shares were held by Cash Guardian. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the note 4.A. above in this section.*

(b) Long positions in the underlying shares

(i) Options under share option scheme

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Number of options outstanding	Percentage to issued shares (%)
Kwan Pak Hoo Bankee	6/6/2009	6/6/2009 – 31/5/2009	2.45	500,000	0.28
	13/3/2009	13/3/2009 – 31/3/2011	1.13	1,800,000	0.99
Chan Chi Ming Benson	13/3/2009	13/3/2009 – 31/3/2011	1.13	1,500,000	0.83
Law Ping Wah Bernard	6/6/2009	6/6/2009 – 31/5/2009	2.45	500,000	0.28
	13/3/2009	13/3/2009 – 31/3/2011	1.13	1,800,000	0.99
Cheng Man Pan Ben	6/6/2009	6/6/2009 – 31/5/2009	2.45	1,300,000	0.72
	13/3/2009	13/3/2009 – 31/3/2011	1.13	1,000,000	0.55
Yuen Pak Lau Raymond	6/6/2009	6/6/2009 – 31/5/2009	2.45	500,000	0.28
	13/3/2009	13/3/2009 – 31/3/2011	1.13	1,000,000	0.55
				9,900,000	5.47

(ii) Convertible note

Name	Date of convertible note	Exercise period	Conversion price per share	Number of underlying shares	Percentage to issued shares
			(HK$)		*(%)*
Kwan Pak Hoo Bankee	17/2/2009	17/8/2009 – 31/12/2011	1.00	43,243,000	23.96

note: The convertible note in the outstanding amount of HK$43,243,000 was held by Cash Guardian. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the note 4.A. above in this section.

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

Name	Number of shares	Number of underlying shares	Aggregate in number	Percentage to issued shares
				(%)
Kwan Pak Hoo Bankee	66,398,512	45,543,000	111,941,512	62.01
Chan Chi Ming Benson	–	1,500,000	1,500,000	0.83
Law Ping Wah Bernard	6,784,060	2,300,000	9,084,060	5.03
Cheng Man Pan Ben	12,700	2,300,000	2,312,700	1.27
Yuen Pak Lau Raymond	650,000	1,500,000	2,150,000	1.19
	73,845,272	53,143,000	126,988,272	70.33

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive or their Associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group and any options in respect of such capital, or were otherwise notified to the Company and recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	**Capacity**	**Number of Shares**	**Shareholding** *(%)*
Jeffnet Inc ("Jeffnet") *(Note (1))*	Trustee of a discretionary trust	210,080,799	51.06
Cash Guardian *(Note (1))*	Interest in a controlled corporation	210,080,799	51.06
CASH *(Note (1))*	Interest in a controlled corporation	198,771,039	48.32
Praise Joy Limited *(Note (1))*	Interest in a controlled corporation	198,771,039	48.32
CIGL *(Note (1))*	Beneficial owner	198,771,039	48.32
Mr Al-Rashid, Abdulrahman Saad ("Mr Al-Rashid") *(Note (2))*	Interest in a controlled corporation	64,372,480	15.65
ARTAR *(Note (2))*	Beneficial owner	64,372,480	15.65

Notes:

(1) This refers to the same number of 210,080,799 Shares which were held as to 198,771,039 Shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH) and as to 11,309,760 Shares by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). CASH owned as to approximately 36.78% by Cash Guardian. Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units if which were held by a discretionary trust established for the benefit of the family members of Mr Kwan. Pursuant to the SFO, Mr Kwan, Jeffnet Inc and Cash Guardian were deemed to be interested in all the Shares held by CIGL through CASH.

(2) This refers to the same number of 64,372,480 Shares held by ARTAR. ARTAR was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the Shares held by ARTAR.

(3) Mr Kwan (a Director whose interests is not shown in the above table) was interested and/or deemed to be interested in a total of 212,068,799 Shares (51.55%), which were held as to 198,771,039 Shares by CIGL, as to 11,309,760 Shares by Cash Guardian and as to 1,988,000 Shares in his personal name. Details of his interest is set out under the heading "Directors' Interests" in this section.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group and any options in respect of such capital, or were otherwise notified to the Company and recorded in the register required to be kept under section 336 of the SFO.

6. MATERIAL CONTRACTS

The following contracts are contracts that are or may be material, not being contracts entered into during the ordinary course of business, and have been entered into by the Enlarged Group within two years preceding the Latest Practicable Date:

(a) the sale and purchase agreements all dated 11 May 2007 entered into between CIGL as the purchaser and the independent third parties as vendors in relation to the acquisition of 27,000,000 issued Shares in the Company at a total consideration of HK$10,260,000;

(b) the shareholders' agreement dated 27 June 2007 entered into between, among others, Marvel Champ Investments Limited (a 65%-owned subsidiary of the Company), Nanyang Industrial (China) Limited and Fit Team Holdings Limited (both are independent third parties) in relation to the formation of a joint venture associate with a total maximum capital commitment of RMB450 million (approximately HK$459.6 million) in equal share for the acquisition and management of a property developed in the PRC;

(c) the top up agreement dated 24 July 2007 entered into between CASH, Cash Guardian and Celestial Securities Limited (a wholly-owned subsidiary of the Company) as the placing agent in relation to (i) the placing of 130,300,000 issued shares in CASH held by Cash Guardian by Celestial Securities Limited to certain placees (independent third parties) at the placing price of HK$2.02 per share and (ii) the subscription by Cash Guardian for 130,300,000 new top up shares in CASH at the top up price of HK$2.02 per share;

(d) the agreement dated 24 July 2007 entered into among CASH, Celestial Securities Limited as the placing agent and Cash Guardian as the grantee in relation to the grant of unlisted green-shoe by CASH to Cash Guardian and certain placees to subscribe up to HK$364,206,000 in aggregate for shares in CASH at the exercise price of HK$2.02 per share;

(e) the underwriting agreement dated 27 September 2007 entered into between CASH and the Company in relation to the underwriting for a 5-for-2 rights issue of the Company at the subscription price of HK$0.40 per share;

(f) the sale and purchase agreement dated 19 December 2008 entered into between CASH Group Limited (a wholly-owned subsidiary of CASH) as vendor and the Company as the purchaser in relation to (i) the acquisition of 60% of equity shareholding interest in the Retail Group and the loan due from the Retail Group to CASH Group Limited at a consideration of approximately HK$184 million (subject to adjustment), and (ii) the grant of the Purchaser Call Option to the Company at a consideration of approximately HK$116 million (subject to adjustment). The consideration has been settled as to HK$60 million in cash and the balance of the consideration will be settled by the issue of the Proposed Convertible Note(s);

(g) the agreement dated 19 December 2008 entered into among CASH, the Company and CRM(HK) relating to the provision of financial guarantee by each of CASH and/or the Company to the Retail Group of not exceeding HK$200 million per annum, in total, for each of the three financial years ending 31 December 2011, subject to conditions, upon the first completion of the sale and purchase agreement dated 19 December 2008;

(h) the agreement dated 19 December 2008 entered into between CASH and CRM(HK) relating to the lease arrangement between the CASH Group and the Retail Group with rental (including rent and management fees) of not exceeding HK$5 million per annum, in total, for each of the three financial years ending 31 December 2011, subject to conditions, upon the first completion of the sale and purchase agreement dated 19 December 2008;

(i) the agreement dated 19 December 2008 entered into among CASH, the Company and CRM(HK) relating to the provision of services by the Retail Group to the CASH Group (excluding the Group) and the Group (excluding the Retail Group) with services fees of not exceeding HK$2 million per annum, in total, for each of the three financial years ending 31 December 2011, subject to conditions, upon the first completion of the sale and purchase agreement dated 19 December 2008;

(j) the two letters of agreements dated 18 February 2009 entered into between Celestial Financial Services Limited (a wholly-owned subsidiary of the Company) as purchaser with Mr Wong Tat Tung Dennis and Ms Kam Chi Wan Sandy (connected persons of the Company) as vendors respectively in relation to, inter alia, the acquisition of 300,000 shares (30% of the equity interest) in CFT at a total consideration of HK$1.4 million; and

(k) the underwriting agreement dated 20 February 2009 entered into between the Company and Elrond Limited (as underwriter) in relation to the underwriting for a 2-for-1 rights issue of the Company at the subscription price of HK$0.45 per share.

7. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualification of the expert who has given opinion or advice which are contained in the Prospectus:–

Name	Qualification
Deloitte Touche Tohmatsu (“Reporting Accountants”)	Certified Public Accountants
Conyers Dill & Pearman (“Conyers”)	Bermuda attorneys-at-law

As at the Latest Practicable Date, the Reporting Accountants and Conyers were not interested beneficially in the shares in any member of the Enlarged Group and did not has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Enlarged Group.

As at the Latest Practicable Date, the Reporting Accountants and Conyers did not has any direct or indirect interest in any assets which has been acquired or disposed of by or leased to the Enlarged Group or are proposed to be acquired or disposed of by or leased to the Enlarged Group since 31 December 2007, being the date up to which the latest published audited consolidated accounts of the Company was made up.

As at the Latest Practicable Date, the Reporting Accountants and Conyers have given and have not withdrawn their written consent to the issue of the Prospectus with the inclusion of and reference to their name in the form and context in which it appears.

8. SERVICE CONTRACT

No Director has a service contract with the Enlarged Group in respect of his/her service to the Enlarged Group in the capacity of a Director, which is not determinable by the Enlarged Group within one year without payment of compensation other than statutory compensation.

9. LITIGATION

The following set out the outstanding litigation, arbitration or claims involved by the Enlarged Group of material importance:

(1) In 2003, Ka Chee Company Limited instituted a winding-up proceedings against Celestial (International) Securities & Investment Limited ("CISI"), a subsidiary of the Company, for an amount of HK$1,662,598. A winding-up order was made by the court on 13 July 2005, the liquidator has been appointed to wind-up CISI, and the winding-up proceedings are still in progress.

Save as disclosed above, no member of the Enlarged Group is involved in any litigation or arbitration or claims of material importance and no litigation or arbitration or claim of material importance of the Company to be pending or threatened by or against any member of the Enlarged Group as at the Latest Practicable Date.

10. INTERESTS OF DIRECTORS IN ENLARGED GROUP'S ASSETS

Since 31 December 2007, the date to which the latest published audited accounts of the Group have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group.

11. INTERESTS OF DIRECTORS IN CONTRACTS

The Directors confirm that there is no contract or arrangement subsisting as at the Latest Practicable Date in which a Director was materially interested which was significant in relation to the business of the Enlarged Group.

12. MISCELLANEOUS

The English text of the Prospectus shall prevail over the Chinese text.

13. EXPENSES

The expenses in connection with the Rights Issue, including printing and translation costs, registration fees, legal and accountancy charges and other fees are estimated to amount to approximately HK$1.6 million and will be payable by the Company.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance, so far as applicable. The English text of the Prospectus shall prevail over the Chinese text.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed "Experts' Qualifications and Consents" in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong during normal business hours on any day from the date of the Prospectus and up to and including 6 April 2009:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports and accounts of the Company for the three years ended 31 December 2007;

(c) the unaudited interim reports of the Company for the six months ended 30 June 2008 and 30 June 2007;

(d) the accountants' report on unaudited pro forma financial information of the Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to the Prospectus;

(e) the Companies Act 1981 of Bermuda;

(f) the letter of advice issued by Conyers Dill & Pearman summarising certain aspects of Bermuda Company Law as referred to in Appendix III of the Prospectus;

(g) the written consents referred to in the paragraph headed "Experts' qualifications and consents" in this Appendix IV;

(h) the material contracts referred to in the section headed "Material Contracts" in this Appendix IV;

(i) the prospectus of the Company dated 30 January 2008 in relation to the listing by way of introduction on the main board of the Stock Exchange, the circulars of the Company respectively 30 January 2008 in relation to the proposed voluntary withdrawal of listing on the Growth Enterprise Market of the Stock Exchange, dated 1 April 2008 in relation to general mandate to repurchase shares, re-election of the retiring directors, proposed share consolidation, proposed reduction in share capital, change of board lot size and notice of annual general meeting; and

(j) the Prospectus of the Company dated 19 March 2009 in relation to the Rights Issue.