CASH
Financial Services Group
時富金融服務集團

2009 Annual Report

Thrive on human talent and technology

CASH Financial Services Group Limited
(Stock Code: 510)

Contents

The FSC logo identifies products which contain wood and virgin fibre from well-managed forests certified in accordance with the rules of the Forest Stewardship Council.

Corporate Profile

CASH Financial Services Group Limited ("CFSG" or "Group", stock code: 510) is a leading financial services conglomerate in China. CFSG has been providing our broad-based clients with a comprehensive range of financial products and quality services that cater for their versatile investment and wealth management needs. Pricerite Stores Limited ("Pricerite"), a subsidiary of CFSG, cares for the home improvement needs of customers. Pricerite is committed to offering customers a quality shopping environment and enables them to enjoy better living every day.

A leading technology-focused financial services provider

CFSG

Since our establishment in 1972, CFSG builds lasting businesses as a leading player in the investment and financial services sectors. Our comprehensive range of financial services includes international trading services for Securities (HK, US and China B-shares), commodities and forex, futures and options, mutual funds, bonds, equity linked instruments (ELI) and principle guaranteed notes (PGN), insurance, market research and analysis, wealth management and advisory services, asset management, investment banking and institutional sales.

As a leading technology-focused financial services provider, coupled with our professional human talents, CFSG is committed to operating a state-of-the-art platform to meet the investment needs of clients in today's boundary-less world. In 1998, CFSG was the first in Hong Kong to develop electronic trading via the Internet, demonstrating our innovation and dedication to integrating technology into daily life. More recently, we have developed the world's first 3D AI Broker and the edge-cutting CASH SNS. 3D AI Broker is a real-time, humanoid system that substantially enhances interactive online communication. CASH SNS is the most comprehensive financial portal that contains financial market information, financial education, entertainment games, interactive sharing, etc. It is a breakthrough from the original one-way information provision.

CFSG is a subsidiary of Celestial Asia Securities Holdings Limited ("CASH", stock code: 1049). Our mission is to be a "Total Caring Organisation": creating value for stakeholders, delivering superior shareholder returns, caring for employees' welfare, being a trusted partner to clients we serve and a responsible corporate citizen in the communities and environment we operate.

Our second largest shareholder — ARTAR Group, is one of Saudi Arabia's top 10 prominent investment groups. Our shareholders also include an investment group in Austria, Europe. These alliances have broadened CFSG's shareholder base from Asia to the Middle East and Europe, raising our international recognition. They will also assist CFSG in making inroads into the Middle East and European markets to explore cross-selling and development opportunities worldwide.

Leveraging our advanced electronic trading platform, CFSG has developed an extensive distribution network to reach our institutional, corporate and individual clients across China. Along with our headquarters in Hong Kong, we have established a Mainland head office in Shanghai, with branch offices strategically located in the north (Beijing), south-west (Chongqing), south (Shenzhen) and along the coast (Xiamen).

Known for our innovation and quality services, CFSG has been widely recognised by the industry. In 2008, CFSG was the first organisation in Hong Kong to obtain the stringent ISO 9001:2008 certification, with zero non-conformity. Other accolades include a Top Service Brand award from the Hong Kong Brand Development Council, Distinguished Salespersons Awards from the Hong Kong Management Association, a Certificate of Merit of the Hong Kong Awards for Industries in Technological Achievement from the Hong Kong Productivity Council, a Certificate of Merit of the Hong Kong Awards for Industries in Innovation and Creativity from the Hong Kong General Chamber of Commerce, a Certificate of Merit of Wastewi$e Label" in Hong Kong Awards for Environmental Excellence from Environmental Campaign Committee, a Certificate of Merit in the Best Brand Enterprise Award from the Hong Kong Productivity Council, etc.

For further information, please visit www.cashon-line.com.

Known for our innovation and quality services

New corporate identity

Pricerite

Pricerite is a leading one-stop total home solution specialist in Hong Kong. Through our comprehensive network of outlets, we are committed to offering value-for-money products and services that exceed customer expectations. We also strive to foster a caring culture for our customers, employees, vendors, communities and natural environment.

To facilitate Pricerite's business development, we have recently launched our new corporate identity in 2010. We have also introduced a series of new products and services to tailor for customers' needs.

We attain leadership by innovation — innovation in our product mix, merchandising, store layout and entire market strategy in home improvement product retailing. Our constant efforts to increase our understanding of customers' expectations and needs through the use of information technology to gain accurate and timely data and use of market research tools drive our customer-focused innovations.

We deliver through a balanced fusion of technology and people. We utilise technology to enhance product delivery, operating efficiency and ultimately our logistical strength. We complement this with our dedicated workforce to develop and source the best products, to build our brand and create our customer-friendly shopping environment, as well as to assist our customers with the best service possible.

Pricerite is known for its relentless effort in enhancing customer satisfaction, which is acknowledged by obtaining various accreditations, such as the Premier Service Brand from the Hong Kong Brand Development Council, the PRC Consumers' Favourite Brands Campaign 2008 from the China Enterprise Reputation & Credibility Association (Overseas) Ltd, the Hong Kong and Macau Merchants of Integrity Award in the both 2007 and 2008 from the Guangzhou Daily and Ming Pao Daily News, the Distinguished Salespersons Awards from The Hong Kong Management Association, and the Services and Courtesy Award from Hong Kong Retail Management Association. Other service certifications obtained include the Q-Mark Service Scheme certification, the Quality Tourism Services Trademark from Hong Kong Tourism Board, and the "No Fakes" Pledge.

For further information, please visit www.pricerite.com.hk.

Corporate Information

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman)
CHAN Chi Ming Benson	(CEO)
LAW Ping Wah Bernard	(CFO)
CHENG Man Pan Ben	(ED)
YUEN Pak Lau Raymond	(COO)

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

AUDIT COMMITTEE

CHENG Shu Shing Raymond (committee chairman)
LO Kwok Hung John
LO Ming Chi Charles

REMUNERATION COMMITTEE

CHENG Shu Shing Raymond (committee chairman)
LO Ming Chi Charles
KWAN Pak Hoo Bankee

COMPANY SECRETARY

LUKE Wing Sheung Suzanne, FCIS

AUTHORISED REPRESENTATIVES

KWAN Pak Hoo Bankee
(alternate: LAW Ping Wah Bernard)
CHENG Man Pan Ben
(alternate: LUKE Wing Sheung Suzanne)

PRINCIPAL BANKERS
Wing Hang Bank, Limited
Nanyang Commercial Bank, Limited
Standard Chartered Bank (Hong Kong) Limited
Oversea-Chinese Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
DBS Bank (Hong Kong) Limited
KBC Bank N.V.
Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited

AUDITORS
Grant Thornton
Certified Public Accountants

SOLICITORS
Sidley Austin

COMPLIANCE ADVISER
First Shanghai Capital Limited

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

REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE
www.cashon-line.com

STOCK CODE ON MAIN BOARD : 510

CONTACTS
Telephone : (852) 2287 8788
Facsimile : (852) 2287 8700

Financial Review

The Group recorded revenue of HK$705.5 million for the year ended 31 December 2009 as compared to HK$324.7 million for the previous year. The increase in revenue was due to the consolidation of revenue of the Retail Group subsequent to the completion of acquisition of the Retail Group in the second half of the year. Overall, the net loss of the Group was reduced from HK$86.2 million last year to HK$21.2 million for the year ended 31 December 2009.

Financial Services — CFSG

The Group recorded revenue of HK$249.0 million for its financial services business for the year ended 31 December 2009 as compared to the revenue of HK$324.7 million for the previous year. The significant decrease was attributable to the reduction in the commission income generated from the Group's brokerage and wealth management businesses and interest income from its margin financing services, reflecting the harsh operating environment being faced by its financial services business, particularly in the first quarter of the year when the already bearish investment sentiment brought about by the financial crisis had been further clouded by the banks' concerted actions to tighten, if not suspend, all sorts of credit lines in both local and global markets. This was the result of the fears that more financial and commercial giants had severe financial difficulties and would suffer the same fate of Lehman Brothers as the financial tsunami spread from the US to the rest of the world. Even though the investment sentiment in the local stock market had gradually improved since the second quarter of 2009 with the Hang Sang Index closing up 7,485 points to 21,872 at the end of the current year, however most of the local investors had been extremely cautious about their investments in the stock market after having suffered substantial financial losses in the worst financial crisis in half a century. Whilst the jittery local investors had yet to fully recover their confidence in the stock investments, the Group's brokerage and wealth management businesses had been affected by the poor sentiment in the first quarter of 2009 but shown improvements in turnover from second to third quarters following the sharp rebound in the stock market during the April to September period when the optimistic sentiment began to take hold in the city after the governments all over the world began to pursue the quantitative easing monetary policies and economical stimulus measures to restore the financial orders and to pull their countries out of recession. The Group's brokerage incomes were affected by the sluggish sentiment at the end of the last quarter when the trading volume in the stock market started to drop substantially after reaching its recent peaks in the third quarter of the year as many retail investors considered the valuation of the market being high after huge gains in the previous quarter or were affected by the diverse results for subscribing IPO shares in the last quarter of 2009 and saw the prices of several of these new shares fall below their respective IPO prices soon after their new listings on the stock market. These factors largely accounted for the less satisfactory results for its financial services business for the year ended 31 December 2009.

Retail Management — Retail Group

The Retail Group which became a wholly-owned subsidiary of the Group in the second half of 2009 is principally engaged in the operation of the retail business in Hong Kong, including retailing of furniture and household items through the chain stores under the brand name of "Pricerite". In the first half of the current year, the Retail Group's retail business had been hit hard by the weak consumer spending during a global downturn that had seen people suffer pay cuts and lay-offs. At the height of the financial crisis with the domestic economy going into a recession which would be much worse than that caused by the Asian financial crisis, the Board had decisively consolidated its retail outlets by closing down 5 underperforming shops in the first quarter of the year. The closure of the 5 shops together with the poor consumer sentiment across the city amid the economic downturn had resulted in a significant drop in the turnover of the Retail Group in the first half of the year. As Hong Kong's economy had gradually returned to stability in the middle of the second quarter of the year, the Retail Group had since then seen the sales begin to pick up and 3 new stores were opened in the second half of the year in order to recoup some loss in sales due to the closure of the 5 shops in early days of 2009 when the Group had encountered the most difficult business environments in recent years. For the six-months period ended 31 December 2009 during which the Retail Group became the wholly-owned subsidiary of the Group, though in adverse business environment, it still recorded a breakeven result.

Liquidity and Financial Resources

The Group's total equity amounted to HK$769.8 million on 31 December 2009 as compared to HK$706.1 million at the end of the previous year. The change was the combined result of the reduction in retained earnings due to the reported loss for the year and the effect of the completion of 2-for-1 rights issue in April 2009 raising approximately HK$92.6 million capital during the year.

As at 31 December 2009, the Group had total bank borrowings of approximately HK$422.4 million, comprising bank loans of HK$350.9 million and overdrafts of HK$71.5 million.

Among the above bank borrowings, HK$154.1 million were collateralised by its margin clients' securities pledged to the Group. Other bank loans totally of HK$156.4 million were secured by the investment properties, property in Hong Kong and pledged deposits respectively. The remaining bank borrowings were unsecured.

As at 31 December 2009, our cash and bank balances including the trust and segregated accounts totalled HK$1,106.1 million as compared to HK$752.5 million at the end of the previous year. The increase in the cash balances was mainly due to: (1) the increase in deposits by our broking clients whose confidence in the stock market had been recovered near the end of the current year; (2) the cash raised from the aforesaid rights issue and (3) the merge of CFSG's and the Retail Group's bank balances.

Total deposits of HK$9.7 million were pledged as securities for a standby letter of credit facility and bank guarantees granted by banks to the Group. In addition, pursuant to a letter of undertaking provided by the Group to a bank, the 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.

After the incorporation of the financial positions of the Retail Group, the liquidity ratio on 31 December 2009 changed to 1.1 times, as compared to 1.4 times on 31 December 2008. The gearing ratio on 31 December 2009, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, also increased to 54.9% from 32.9% at the last year-end. However, both the liquidity ratio and gearing ratio were still maintained at healthy level. On the other hand, we have no material contingent liabilities at the year-end.

Foreign Exchange Risks

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

Material Acquisitions and Disposals

In February 2009, the Group completed the acquisition of the remaining 30% equity interest in a non-wholly-owned subsidiary from minority shareholders at a consideration of HK$1,400,000 in cash. In the second half of the year, the Company completed the acquisition of 100% equity interests in the Retail Group from its holding company at the aggregate consideration of HK$310,340,000, which was settled as to HK$60 million by cash deposit and the remaining balance by the issue of convertible notes in the principal amount of HK$250,340,000 by the Company. The convertible notes had been fully repaid as at the end of the year.

Save as aforesaid, the Group did not make any material acquisitions or disposals during the year.

Capital Commitment

As at 31 December 2009, the Group does not have any material outstanding capital commitment.

Material Investments

As at 31 December 2009, the Group was holding a portfolio of listed investments and unlisted investment funds with market values of approximately HK$37.2 million and net gain on listed investments and unlisted investment funds totally of HK$19.4 million was recorded for the year.

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

2009

Management Discussion and Analysis

Mr Bankee Kwan, Chairman of CFSG (left)
Mr Benson Chan, CEO of CFSG (right)

Industry Review

2009 was a year of recovery for the global equity markets. Following the sub-prime storm in 2007 and the financial tsunami in 2008, global stock markets hit bottom in early March and staged a spectacular comeback, thanks largely to central banks' coordinated efforts to inject liquidity and Western governments' aggressive plan to stabilise financial systems and stimulate the economy. Meanwhile, hard-hit economies including Japan, Hong Kong, Singapore, and the US were showing signs of economic recovery, albeit in various strengths. Led by China, global emerging markets came out on top, generating twice the returns of the developed markets. Equity markets outperformed other asset classes to record a 35% gain on a total return basis, ranked the 5th best year returns for MSCI World since 1970.

In the Mainland, the Central Government promptly implemented the 4 trillion yuan fiscal stimulus plan to boost economic growth. It also introduced a series of emergency measures to stimulate domestic demand, including restoration plans for 10 major industries, subsidised home appliance scheme in rural areas, preferential housing mortgage, etc. All these initiatives helped drive up the stock and property markets. In addition, attractive market valuations and earnings upgrades helped improve investment sentiment and increase investors' appetite towards stocks. The Shanghai Composite index ended the year at 3,277, an increase of 80% since the beginning of the year.

Thanks to the strong recovery of China and abundant influx of funds chasing the China stocks, the Hang Seng index rebounded strongly with a 52% gain to conclude the year at 21,872. In terms of market capitalisation, the index rose HK$7.6 trillion since the beginning of this year and ended the year with an increase of 74% to HK$17.9 trillion. The average daily turnover was at HK$63 trillion, 14% lower compared to the previous year.

On fund-raising, after falling two quarters in a row at year start, the activities quickly picked up in the second half and ended the year with HK$630 billion new funds raised, breaking the record set in 2007 by 11%. With 73 new IPOs raising HK$186 billion in 2009, the HKEX ranked top in the world and led the second-placed Shanghai Stock Exchange by a wide margin of HK$77 billion.

Business Review

The Group recorded revenue of HK$249.0 million for its financial services business for the year ended 31 December 2009 as compared to the revenue of HK$324.7 million for the previous year. The significant decrease was attributable to the reduction in the commission income generated from the Group's brokerage and wealth management businesses and interest income from its margin financing services, reflecting the harsh operating environment facing its financial services business.

State-of-the-art trading platform

Securities Broking

The effect of the financial tsunami in late 2008 extended to the first quarter of 2009 and set a slow ground for the year. Though there was a strong recovery since May, the overall trading volume of the Hong Kong market decreased. When we saw the slowdown in trading activities, we modified our portfolio to a more balanced business mix to smooth out the impact of the reduced market turnover. As such, the net margin on securities broking business increased by more than 40% compared to the previous year despite the fact that turnover in the second half of the year continued to experience a backward slide. The IPO activities nearly halted in the first few months leaving the balance of the year to catch up. Interest income for margin financing fell two years in a row. As a result, the overall operating income from securities broking was lower than the previous year.

Even though market sentiment was sluggish for good part of the year, we increased the number of frontline sales agents by nearly 20% as we believed slow market was a good time to beef up the sales force.

Professional human talents

To improve the speed of the agents' quotation access, we developed a proprietary system to draw quotes directly from the HKEX. This system will be further enhanced to include multiple windows with simultaneous order placing capability. The agents can preset the desired order prices to shorten the order entry process. This will improve execution speed and overall efficiency.

With an increasing number of online orders coming from clients who reside in the Mainland, we have employed a dedicated trunk line to ensure that the transmission speed is fast and stable. To better service the growing Mainland segment, we have customised the PRC web interface for a local look and feel.

Committed to fulfilling clients' investment and wealth management needs

Wealth Management

The business unit successfully transformed itself from a financial planning focused entity into a comprehensive wealth management service provider by re-engineering its operations in late 2008 and re-branding to CASH Wealth Management Limited in June to reflect the new positioning. The objective was to smooth out revenue volatility by increasing income diversity and cohering resources from the Group. With an aim to equip the frontline sales force with multiple tools that cater to clients' every investment needs, the business has enhanced its service platform to include MPF, General Insurance, assets management and securities broking. The repositioning makes it ready to become a fully-fledged financial service company to provide total wealth management solutions. The new model, with added service scope, has also helped attract new talents from both within and outside the industry with added service scope. The mix of new talents also sparked new ideas and working chemistry within the team.

Business wise, the unit continued to recover from the financial tsunami in the second half of the year with a significant increase in revenue. Turnover was picking up as a result of the sizing up of teams, increase in marketing activities, and return of investors' confidence.

Asset Management

As an important driver of our strategy of product and income diversification, the asset management business doubled its assets under management during the year under review while the general market improved by only 52%. The increase was due partly to the recovery of the stock market and investors' confidence, and mostly to our persistent efforts to achieve higher risk-adjusted return for clients. The result reinforces our belief in the benefits derived from this business model: a growing opportunity to increase the base income with considerable incentive revenues earned when we achieve superior returns for our clients.

Leveraging on the Group's cross-selling synergy, over the year the division participated in a number of joint seminars and trade exhibitions in both Hong Kong and the PRC to promote the corporate brand and services. The seminars' participants were drawn passionately to the speakers and had shown overwhelming interest in buying stocks.

While continuing to increase the assets under management, the division launched Thematic Investment Plan Service (TIPS) to attract different interest groups in the first quarter of 2010. This theme-based investment plans are discretionarily managed and designed to meet the knowledgeable investors' appetite with theme selections. Clients may choose from 4 different themes such as PRC financial, PRC domestic demand, new energy and environmental protection concept etc. The benefit of the TIPS platform is for the knowledge investors to jointly participate in the investment selection process while leaving the final stock selections decision to professional portfolio managers. The TIPS product is structured in a way that is appealing to cross-selling.

In addition, we plan to tap various portfolio management expertise from the industry. The programme aims at developing a management portfolio with diverse trading strategies, which at the end cater the diverse needs of investors in wealth accumulation and protection.

Attract talents

Investment Banking

2009 was a record year for the value of funds raised in Hong Kong. After a sluggish start at the beginning, the corporate finance activities picked up steadily following the quantitative easing adopted by various governments. Both primary and secondary fund raising and M&A activities have become vigorous following the year's largest rights issue of HSBC shares. With a total HK$630 billion of funds raised, Hong Kong broke its record set in 2007 and ranked 4th on the list behind NYSE Euronext, London and Australian. On IPOs, Hong Kong listed 73 companies and raised HK$186 billion to finish the year as world number one.

During 2009, the investment banking group maintained its strategy to focus on financial advisory and corporate transactions and took a proactive approach to placing and fund raising for existing and new clients. The strategy was effective in generating steady income.

In light of the steaming IPOs and the secondary market activities locally, the corporate finance business will continue to seek fund raising and IPO opportunities in addition to financial advisory services for M&As and corporate transactions.

China Development

One of the Group's key strategies since 2008 is to focus on the positioning of our footing for business development in China. With that, the Group dedicated more resources to China in the second half of 2009 with a view to enhancing the driving force of the development. In so doing, the Mainland head office in Shanghai together with other offices in Beijing, Chongqing, and Shenzhen actively participated in investment seminars organised by the local partners and media to provide educational information on wealth management and investment. These joint events were effective in promoting our brand to prospects and raising our brand awareness. The offices in China also serve as the local contacting points for business associates and partners for the Group.

In addition to brand marketing and positioning for future development, the set up in China also functions as a back and support office. It has taken up nearly one third of the operational work for the Group allowing the staff in Hong Kong to focus on client servicing tasks. The original cost saving consideration of the project has now elevated to a need-based strategy as the Hong Kong market becomes more China focused and an increasing number of companies and market information are now drawn from the local sources. The local offices function more effectively in terms of data gathering and produce more market-based research.

During the year under review, the operations in China successfully qualified for the agency license to promote insurance and investment products in Shanghai. The license has expanded our business scope and increased our marketing capability in the area.

On the corporate and institutional front, we made special effort to visit potential partners and seek collaborative opportunities. We successfully secured some institutional clients to use our securities trading platform when their QDII quotas are granted.

Focus on client servicing

A trusted partner to clients

New Business

Despite the fact that the world economy had yet fully recovered from the unprecedented financial crisis, the quick rebound of the Hong Kong stock market since May proved that Hong Kong is one of the most resilient stock markets in the world. In terms of market composition, more than 58% of the listed companies on the HKEX are Mainland enterprises. These companies contributed to more than 70% of the daily market turnover. The listings of these large PRC corporations have resulted in the proliferation of the derivative products, including warrants and options contracts. The daily turnover of these products amounted to nearly one fifth of the market turnover in Hong Kong. Undoubtedly, investors are now offered a suite of product selections more comprehensively than ever, which allow them to create different trading strategies and remain active in the market regardless of the market directions. To capture these market opportunities, the Group formed a new business division to identify investment opportunities in the dynamic market with a view to developing strategies and products catering for the versatile investment needs of the sophisticated Hong Kong market.

In recent years, there has been a strong demand for immigration advice to people interested in obtaining the Hong Kong resident status. Since the introduction of the Capital Investment Entrant Scheme in October 2003 under which a prospective immigrant undertakes to make a qualified investment of at least HK$6.5 million for 7 years, applications to the Scheme have been experiencing a rising trend.

The investment in financial assets under the Scheme generates attractive revenue and the recurring fee income throughout the investment period. In response to the appealing business opportunity, the Group set up a division to provide immigration advisory service in the last quarter of 2009.

This new business extends our services upstream and captures the potential investors well ahead of the competitors. It also complements our service offerings particularly in the PRC market. Most importantly, it supports our objective to provide fully-fledged financial services and diversify income source.

Platform Development

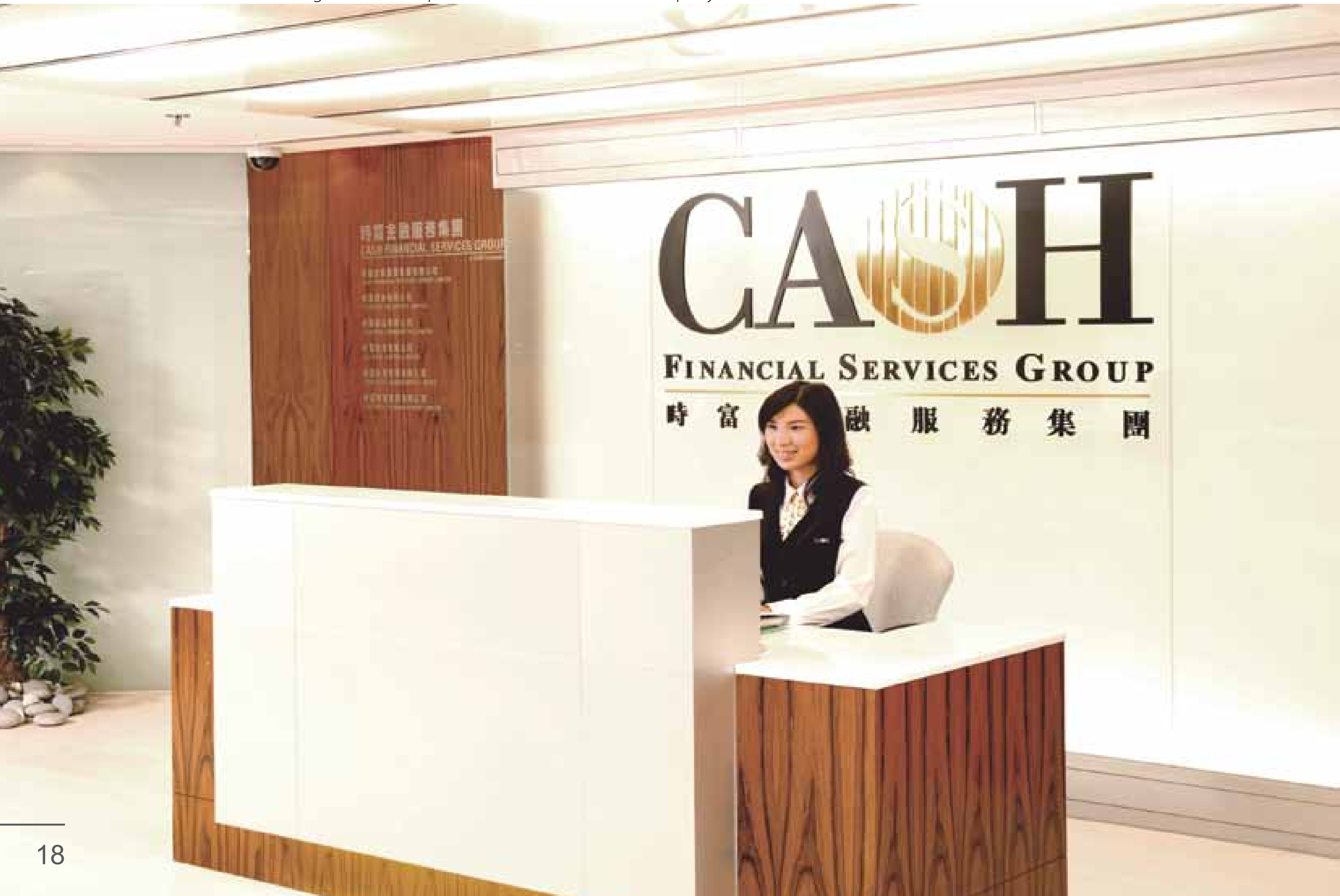
In 2008, we introduced the world's first 3D AI Broker, a real-time and humanoid system that enhances online communications. The AI 3D Broker system earned us several prestigious awards, including Certificate of Merits from both the Hong Kong Productivity Council and the Hong Kong General Chamber of Commerce. The system offers order confirmations, up-to-date trading status and many other useful surfing features.

To improve the trading experience in Hong Kong equities and international commodities, we have added an application-based dealing tool with advanced functionalities and features that support sophisticated order executions and complex chartings. The application allows multiple windows viewing and customisation. More importantly, the tool runs terminal-to-terminal providing a secure yet fast data transmission.

The commodities trading platform has also been enhanced to provide better trading experience to clients. In particular, more than ten new functions have been added to simplify and speed up order placing.

As an ongoing effort to improve service experience, we introduced a new company website with the advanced web 2.0 technology in the

Committed to becoming the most respectable financial services company



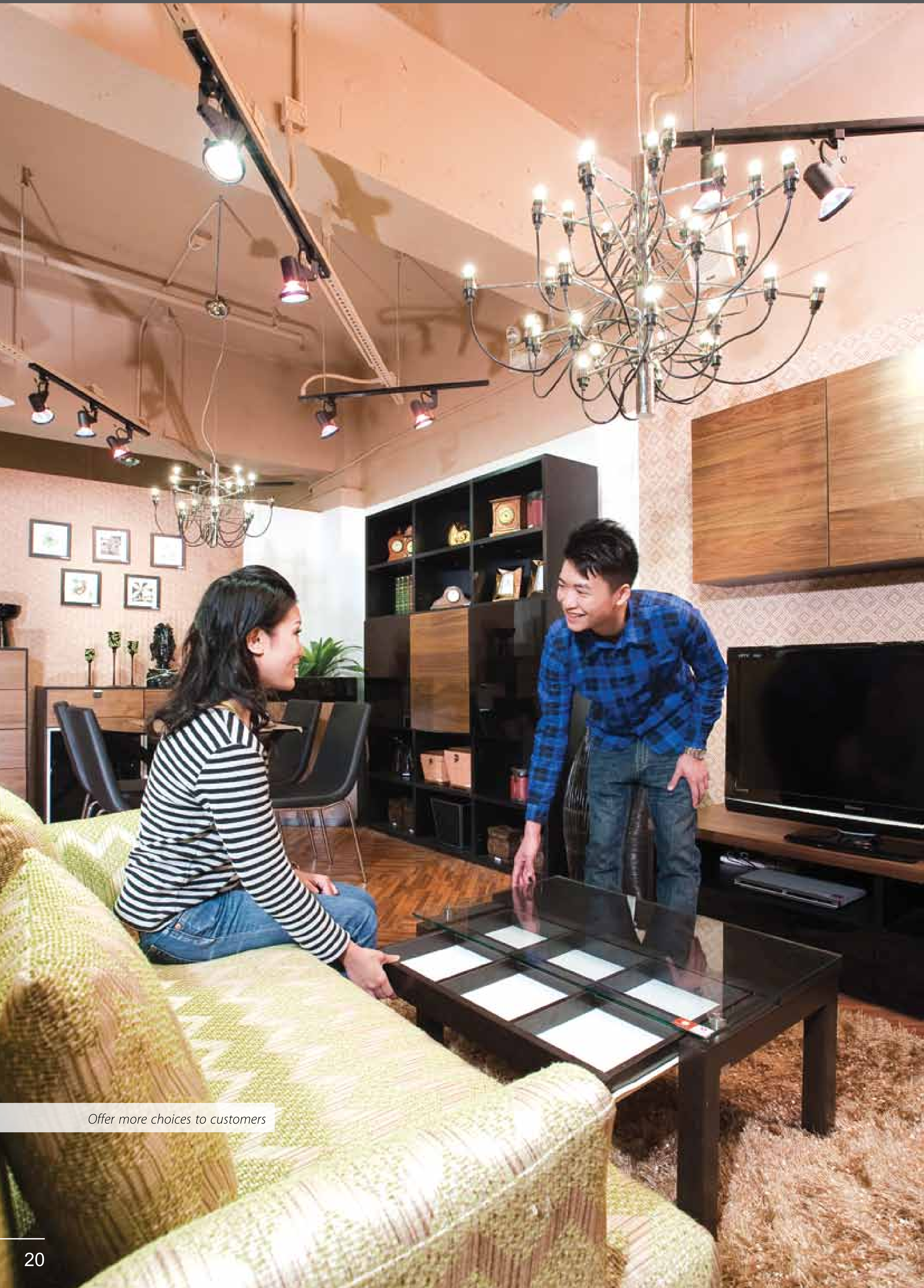
third quarter. The key feature of the site enables users to customise their homepages and select favourite market news and information to view. It also serves as an interactive channel for communication with our service and research teams.

In December, we launched CASH SNS, the world's first most comprehensive financial community website. The site includes a wide array of features such as financial news, entertainment and educational games, news and video sharing, meeting friends, financial blogs and etc. New investors may polish their trading skills on the simulated trading platform. All in all, it is a web space where investors meet friends that share the same investment interests and exchange stock tips and trading ideas.

Benson Chan
CFSG
Chief Executive Officer

Ben Cheng
CFSG
Managing Director,
Retail Business Group
of Financial Services

Raymond Yuen
CFSG
Chief Operating Officer



Offer more choices to customers

Retail Management — Pricerite

CFSG is committed to diversifying its business and broadening the source of revenues, so as to mitigate volatility of the financial market and to increase shareholder returns. In 2009, the Group completed its acquisition of Pricerite Stores Limited — the leading home furnishing specialist in Hong Kong, to complement the cyclical impact of the financial industry.

Pricerite, along with most Hong Kong retailers, experienced a turbulent year in 2009. The global financial crisis hit the economy at the end of 2008, impacting on our retail business during the first quarter of 2009, especially Chinese New Year, the peak sales season for the year. Sales performance was characterised by a fundamental change in consumer spending patterns that adversely affected store traffic and sales, particularly durable and big-ticket items such as large furniture series.

At the end of 2008, we initiated precautionary measures to adapt our cost structure and retail strategies to the change in the economic conditions following the global financial crisis, including consolidation of our retail network, improvement in operating efficiencies and reallocation of product mix. These measures were successful in bringing the business round, achieving a healthy inventory and financial position, and securing our market leading position.

Faced with a change in customer buying preferences, we focused product development on easy-to-assemble small furniture items and functional necessities, such as modular storage systems and storage cabinets. By expanding the product range of such categories, we offered affordable choices to customers and helped them to better utilise their space, offsetting the effect of a sales drop in large furniture items.

Business started to stabilise and pick up in the second quarter with the economy showing signs of bottoming out and a strong rebound in the local property market. To seize this market opportunity, we expanded our furniture selection and

Experienced team of professionals

Products and services to tailor for customers' needs

launched a wider series of products focusing on newness, simplicity and exceptional value. At the same time, our unwavering commitment to value and outstanding services continued to gain recognition from customers as evidenced by the continuous growth in Pricerite membership. Numbers exceeded 200,000 by the end of the year.

As both the local economic conditions and our business showed increasingly positive signs of recovery, we resumed our growth strategy in the second half of the year. We accelerated our market expansion plan by opening three new stores in prime locations and launching a comprehensive branding campaign to promote our new brand image, products, personalised service and cosier shopping environment.

In 2010, we will put greater emphasis on communicating Pricerite's core values of outstanding quality, exceptional service, comfortable shopping environment and social responsibility. As such, we have revamped our corporate logo to better reflect our operating philosophies, such as service from the heart, customers always come first, and our "Green" commitment.

Derek Ng
Pricerite
Chief Executive Officer

James Leung
Pricerite
Deputy Chief Executive Officer

Outlook

Historical low interest rate is expected to continue into the first half 2010, helping the world economy recover despite the mixed signs of US recovery. Major governments' policies will go from relaxed to appropriately-relaxed or neutral and may even tightening if the economy stabilises. The commodities market with the help of low interest rates, the weak US dollar, and the robust demand in emerging economies, will likely continue to be strong in 2010.

After achieving its GDP target of 8% in 2009, the Mainland government proved to the world China's economic resilience. Continued favourable policies and the strong recovery trend in the Mainland will likely bring the 2010 GDP growth rate to surpass 10% as most expected. In Hong Kong the GDP is expected to end its negative territory to show a growth of 4–5% as the economy benefits from the robust growth in the Mainland and improved corporate earnings. The local unemployment rate will continue to improve in the coming months as corporate hiring resumes.

Accelerate pace of growth

Corporate Strategy

The Group is cautiously optimistic about the economic outlook for 2010. An improved earnings outlook against a backdrop of low interest rates supports the recovery of the stock market. The Group believes the economy will continue to recover and emerge from the financial meltdown with a stronger business base and more rational corporate behaviour. That said, high government deficits, gradual withdrawal of monetary easing, and central banks' tentative plan to raise rates to contain inflation are challenges and factors ahead that could affect the global and local market confidence.

Having successfully executed the "Back on Track" strategy in the second half of 2009 to expand the market share in challenging times by taking a more aggressive business approach, the Group has allocated additional resources to strengthen brand awareness in preparation for the market upswing. Now it is ready to refocus on "profitability and growth" in 2010.

The Board believes the 21st century is the century of China. China is a growth engine and offers a once-in-a-lifetime window of opportunities to the world. China's development in the next 10 years will bring profound impact to the world. More importantly, the Group has built a strong platform that positions it favorably as it aims to accelerate the pace of growth.

2010 will be a year where we focus on enhancing our profit and expanding our growth. With the PRC market as our future expansion focus, we aim to equip our platform with multi-faceted and diversified capabilities in preparation for the eventual opening up of the financial markets in the Mainland. In the meantime, we will continue to cooperate with Mainland securities and brokerage firms for referral opportunities.

We believe income diversification through business diversification is essential. As such, we will continue to diversify and stabilise income sources by increasing the fee portion of the income generated from the portfolio as well as seek out new business opportunities that complement the existing portfolio.

Service excellence remains a company culture. By exercising our philosophy in "Five Core Values", we believe we will be able to elevate our service level, exceed clients' expectation and ultimately become one of the most respectable financial service companies in China.

To lead the pack with technology leading attributes that provide convenient service will continue to be an objective for platform development. We will keep on investing in infrastructure that is key to our positioning as a boundary-less service provider.

Overall, we will continue to diversify our revenue mix through strengthening existing businesses, enriching product types, and sourcing new income streams in concert with our business development in China. Our goal is to position CFSG as clients' financial services house of choice that has comprehensive product offerings to meet their diverse financial needs and values their business relationships.

Employee Information

At 31 December 2009, the Group had 1,166 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$139.5 million.

Our professional

Benefits

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

Training

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, presentation, coaching, quality management and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the SFO, to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO. The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures, rules and regulations. This orientation is designed to integrate the employees into the Group and, the Directors believe, help improve productivity of new employees at an early stage.

management team

Board of Directors

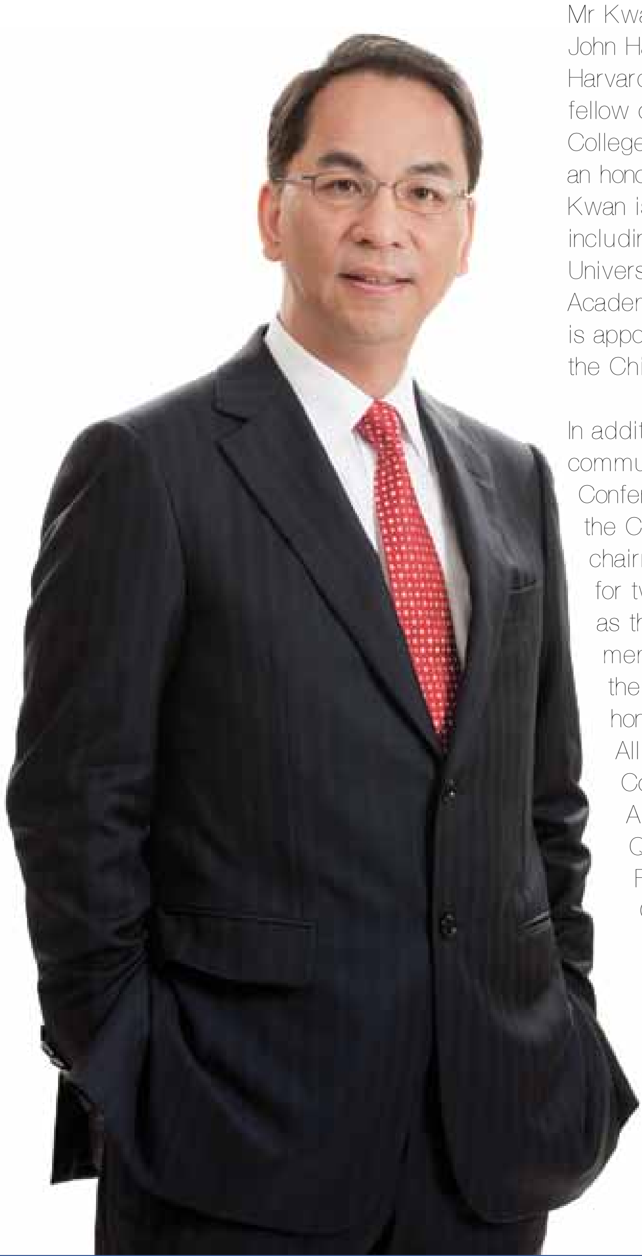
Bankee Pak-hoo KWAN

Chairman, MBA, BBA, FFA, MHKSI, CPM(HK), MHKIM, aged 50, 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. He 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 a fellow 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 firm believer in youth education and development. He is a John Harvard fellow of the 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 advisory professor and an honorary member of the Board of Trustees of Nanjing University. Mr Kwan is also an honorary advisor of several higher education institutions, including the Graduate School of Business, Hong Kong Polytechnic University; the LiPACE of The Open University of Hong Kong; and the Academy of Oriental Studies of Peking University. Furthermore, Mr Kwan is appointed as an honorary advisor of the Fong Yun Wah Foundation and the China Charity Federation.

In addition to education, Mr Kwan is also active in serving to requite the community. He is a member of the Chinese People's Political Consultative Conference, Shanghai Committee. Mr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR. After being the chairman of the Hong Kong Retail Management Association ("Association") for two consecutive terms, Mr Kwan continues to serve the Association as their honorary advisor. Currently, he is also a general committee member of the Hong Kong Brand Development Council; a convenor of the Retail Trade Training Board of Vocational Training Council; and an honorary advisor of the CEPA Business Opportunities Development Alliance. Mr Kwan is a member of the China Trade Advisory Committee of Hong Kong Trade Development Council, the Corporate Advisory Council of Hong Kong Securities Institute, the Hong Kong Quality Assurance Agency Governing Council, the SME Development Fund Vetting Committee of the Trade and Industry Department, the Consumer Council and the Consultation Panel of the West Kowloon Cultural District Authority. In December 2009, Mr Kwan was named "Entrepreneur of the Year 2009" in the Asia Pacific Entrepreneurship Awards organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society.

Mr Kwan is a substantial shareholder and the chairman of CASH. He is a member of the Remuneration Committee, as well as a member of the remuneration committee of CASH.



Bankee Pak-hoo KWAN

Benson Chi-ming CHAN

CEO, MBA, BA, FCCA, CPA, MHKSI, aged 43, 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 extensive 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. Mr Chan is also the managing director and head of investment banking group of the Group, and a responsible officer of Celestial Capital.

Bernard Ping-wah LAW

CFO, MBA, FCCA, FCPA, MHKSI, aged 51, 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. He graduated from the University of Warwick, United Kingdom in 1997 with a Master's degree of Business Administration. He 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.

Ben Man-pan CHENG

ED, BA, FCCA, CPA, aged 40, joined the Board on 7 June 2004. He is the managing director of the retail business group of financial services. 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. He 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 and Celestial Commodities.

Raymond Pak-lau YUEN

COO, BA, FCCA, CPA, ACA, aged 46, joined the Board on 1 December 2008. He is the chief operating officer in charge of monitoring the Group's day-to-day operation. Mr Yuen has extensive experience in accounting, auditing, financial management and operations control. He 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.

Benson Chi-ming CHAN   Bernard Ping-wah LAW   Ben Man-pan CHENG   Raymond Pak-lau YUEN

Raymond Shu-shing CHENG

INED, aged 54, 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. He has been admitted as a fellow in 2005 and senior fellow in 2008 of The Professional Validation Centre of Hong Kong Business Sector. 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. He was also a member of The Watches and Clocks Advisory Committee of Hong Kong Trade Development Council from 1988 to 2007. He was the chairman of The Federation of Hong Kong Watch Trades and Industries Limited from 1991–1992 and has been an advisor of the federation since then. Mr Cheng is also the chairman of the Audit Committee and the Remuneration Committee.

John Kwok-hung LO

INED, MBA, LLB, FCCA, CFC, aged 51, 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. He 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.

Charles Ming-chi LO

INED, JP, CPA, FFSI, aged 60, joined the Board on 27 October 2008. Mr Lo has extensive professional and business experience in financial and investment services in Australia, Hong Kong and other Asian countries. He 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.

Horace Pak-leung KWAN

Deputy Chief Operating Officer, Operations of Financial Services Business, aged 46, is an ordinary member of Hong Kong Securities Institute. Mr Kwan joined the Group in March 1998 and has extensive experience in the field of financial services. He is a responsible officer of Celestial Securities and Celestial Commodities respectively. He is responsible for the operation of the Group's financial services business. He is the brother of Mr Kwan Pak Hoo Bankee, the chairman of the Group.

Angela Sze-kai WONG

Managing Director, China, aged 42, received an Executive Master of Business Administration from Tsinghua University, Beijing and is a Chartered Financial Analyst. Ms Wong joined the Group in February 2004 and has extensive experience in financial services industry, especially in corporate development, investment banking and wealth management. She is responsible for the business development and operation of the Group's financial services business in the Greater China region.

Patrick Ho-yin YIU

Managing Director, Asset Management, aged 36, received a Bachelor Degree of Economics from The Chinese University of Hong Kong. Mr Yiu joined the Group in April 2006 and has extensive 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 activity under the SFO. He is in charge of the provision of asset management services.

Wing-kai WONG

Managing Director, CASH Dynamic Opportunities Investment Limited, aged 42, received a Doctorate Degree in Finance and Physics and a Master Degree in Computer Science from the Stanford University. Dr Wong joined the Group in April 2009 and has extensive experience in the field of strategic investment and portfolio management. He is responsible for overseeing the Group's investment activities.

Tonnie Lai-man YU

Deputy Managing Director, Brokerage Development, aged 48, is an ordinary member of Hong Kong Securities Institute. Ms Yu joined the Group in July 1998 and has extensive experience in the financial services industry. She is a responsible officer of Celestial Securities. She is responsible for the sales of the Group's brokerage business.

Majone Pui-lai CHENG

Deputy Managing Director, CASH On-line, aged 37, received a Master Degree of Science in Financial Management from the University of London, United Kingdom and a Bachelor Degree in Economics from The University of Hong Kong. Ms Cheng joined the Group in March 1998 and has extensive relevant experiences in the financial services industry. She is responsible for the overall supervision of the Group's electronic trading operation.

Daphne Wai-suen NG

Deputy Managing Director, Investment Banking Group, aged 39, received a Master Degree of Science in Financial Analysis from The Hong Kong University of Science and Technology and a Bachelor Degree of Arts (Honours) in Accountancy from The Hong Kong Polytechnic University, and was admitted an Associate of The Institute of Chartered Secretaries and Administrators. Ms Ng joined the Group in October 1998 and has extensive experience in the field of corporate finance and investment banking. She is a responsible officer of Celestial Capital. She is in charge of the provision of corporate finance services, including investment banking advisory.

Daryl Wai-kwong LAI

Deputy Managing Director, Business Development of CASH Wealth Management, aged 47, received a Master Degree of Business Administration from Chaminade University of Honolulu and a Bachelor Degree in Travel Industry Management from University of Hawaii. Mr Lai joined the Group in October 2001 and has extensive experience in local and international marketing management in both financial industry and retail business. He is responsible for overseeing business planning and development for the wealth management division of the Group.

Gilbert Kin-chun Wong

Deputy Managing Director, Sales of CASH Wealth Management, aged 48, received a Master of Business Administration from University of Western Sydney and is a CERTIFIED FINANCIAL PLANNER^{CM} professional. Mr Wong joined the Group in August 2009 and has extensive experience in the field of wealth management and marketing. He is responsible for promoting the wealth management business of the Group.

Eugene Sheung-pui LAW

Director, China Capital Investment, aged 39, received a Bachelor of Business Administration in Finance from The Hong Kong Baptist College and is a Chartered Financial Analyst. Mr Law joined the Group in August 2006 and has extensive experience in the field of strategic investment and funding. He is responsible for locating investment opportunities in the Greater China region for the Group.

Bob Yau-ching CHAN

Chief Economist, aged 47, received a Doctorate Degree of Philosophy in Business from Purdue University, US and a Master Degree of Business Administration from the University of Wisconsin-Madison, US, and is a Chartered Financial Analyst. Dr Chan joined the Group in September 2000 and has extensive experience in corporate development, financial management, strategic analysis and portfolio management. He is responsible for providing global macroeconomic viewpoints to clients of the Group.

Derek Hin-sing NG

Chief Executive Officer, Pricerite, aged 41, received a Master Degree of Business Administration from Southern Illinois University Carbondale in USA and a Bachelor Degree of Business Administration from Ottawa University in USA, and is a CERTIFIED FINANCIAL PLANNER^{CM} professional. Mr Ng joined the Group in January 1997 and has extensive experience in the field of corporate development and retail business. He is in charge of the overall strategic development and operation of the Group's retail business.

James Siu-pong LEUNG

Deputy Chief Executive Officer, Pricerite, aged 47, received a Master Degree of Business Administration from Heriot-Watt University in UK and a Bachelor Degree of Social Sciences from The University of Hong Kong. Mr Leung joined the Group in October 2001 and has extensive experience in the field of retail management business. He is in charge of the retail operation management of the Group's retail business.

Rozina Lok-sze CHO

Head of Compliance, aged 34, received a Bachelor Degree of Commerce from McGill University in Canada with major in marketing. Ms Cho joined the Group in August 1997 and has extensive experience in compliance, electronic trading development and operations. She is responsible for all brokerage compliance issues of the Group.

Hon-wo SHUM

Legal Counsel, aged 37, received a Master Degree in Laws from City University of Hong Kong, a Master Degree in Laws from Renmin University of China and a Bachelor Degree in Laws from University of Hong Kong, and is a qualified solicitor of the HKSAR. Mr Shum joined the Group in August 2005 and has extensive experience in legal field. He is the Group's legal counsel and is responsible for all legal issues of the Group.

Wallace Hon-ming WONG

Qualified Accountant, aged 43, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Wong joined the Group in March 2000 and has extensive relevant experiences in the field of accounting and auditing. He is also the financial controller of the Group.

Suzanne Wing-sheung LUKE

Company Secretary, aged 41, is a fellow of The Institute of Chartered Secretaries and Administrators. Ms Luke joined the Group in May 2000 and has extensive listed company secretarial experience. In addition to taking the role as company secretary of the Company, she is also the company secretary of CASH.

Corporate Governance Report

This CG Report presents the corporate governance matters during the year ended 31 December 2009 required to be disclosed under the Listing Rules.

ADOPTION OF THE PRINCIPLES IN THE CG CODE

The Board has adopted the Principles which align with the requirements set out in the CG Code. During the year under review, the Principles had been duly complied with except for the deviations summarised as follows:

CG Code		Deviation and reason
A.2.1	The roles of Chairman and CEO should be separate and should not be performed by the same individual	The defined roles and responsibilities of the CEO shall be placed with a CEO other than the Chairman or if no CEO is appointed, shall be shared and jointly saddled by all EDs. During the period from 1 January 2009 to 4 January 2009, the Company had not maintained a CEO as the roles and responsibilities of the CEO was shared and jointly saddled by all EDs. However, since the appointment of Mr Chan Chi Ming Benson as the CEO on 5 January 2009, the CG Code A.2.1 had been fully complied.

Save for the above, the Company has been in compliance with the CG Code throughout the year under review.

Directors' Securities Transactions

The Company has also adopted the Model Code. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code during the year under review.

BOARD OF DIRECTORS

The Board is responsible for formulating the strategies and policies of the business development of the Group, while the management is delegated with the powers and authorities for overseeing the day-to-day operations of the Group under the leadership of the Board.

During the year under review, the Board had held the following number of physical meetings of the Directors:

- 10 meetings of the full Board

- 13 meetings of the EDs

Out of the 10 full Board meetings, 5 of them were held to discuss and/or approve the annual/quarterly financial performance/results of the Group, while 5 meetings to consider and resolve the corporate transactions and issues of the Company which arose during the year under review. The ED meetings were held to report, discuss and/or resolve for the ordinary business and operation matters.

During the year under review, the composition of the Board, and the respective attendances of the Directors at the above Directors' meetings are presented as follows:

Director	Board capacity	Appointment during the year under review	Attendance Full Board meetings	ED meetings
Mr Kwan Pak Hoo Bankee	ED & Chairman		10/10	13/13
Mr Chan Chi Ming Benson	ED & CEO	was appointed as CEO on 5 January 2009	9/10	13/13
Mr Law Ping Wah Bernard	ED & CFO		10/10	13/13
Mr Cheng Man Pan Ben	ED		8/10	13/13
Mr Yuen Pak Lau Raymond	ED & COO		9/10	13/13
Mr Cheng Shu Shing Raymond	INED		9/10	N/A
Mr Lo Kwok Hung John	INED		8/10	N/A
Mr Lo Ming Chi Charles	INED		10/10	N/A

During the year under review, none of the Directors above had or maintained any financial, business, family or other material/relevant relationship with any of the other Directors.

The terms of the appointments of the EDs and the INEDs were governed by the respective employment or service contracts while the appointments of the directorship were subject to, as to EDs, retirement, rotation and re-election at least once every 3 financial years and, as to INEDs, retirement and re-election every year, all at annual general meetings of the Company.

REMUNERATION COMMITTEE

Throughout the year under review, the Company had maintained a Remuneration Committee. The role and function of the Remuneration Committee includes:

- recommendation to the Board on the remuneration policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- determination of the specific remuneration packages of all EDs and senior management based on delegated responsibility, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and recommendations to the Board of the remuneration of NEDs;
- review and approve of performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- review and approve of the compensation payable to EDs and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- review and approve of compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- ensure that no Director or any of his associates is involved in deciding his own remuneration.

Terms of reference of the Remuneration Committee had been compiled since the establishment of the Remuneration Committee and each version was endorsed and adopted by the Remuneration Committee. A revised version of the terms of reference was adopted on 1 January 2009 and has been posted onto the corporate website of the Company.

During the year under review, the Remuneration Committee had held 1 physical meeting for the purpose of considering the remuneration of the Directors, and a written resolution for the adoption of the revised terms of reference of the Remuneration Committee was passed by the full Board on 1 January 2009.

The composition of the Remuneration Committee, and the respective attendances of the committee members are presented as follows:

Member	**Board capacity**	**Attendance**
Mr Cheng Shu Shing Raymond	INED	1/1
Mr Lo Ming Chi Charles	INED	1/1
Mr Kwan Pak Hoo Bankee	Chairman of the Board	1/1

The chairman of the Remuneration Committee since its establishment has been Mr Cheng Shu Shing Raymond.

The summary of the work performed by the Remuneration Committee for the year under review included:

- endorsement to the remuneration policy and structure for the Directors and senior management;

- review and approval of the specific remuneration package of each Director and senior management including benefits in kind, pension rights and compensation payments.

REMUNERATION POLICY FOR DIRECTORS

The Company adopted a remuneration policy providing guideline for Directors' remuneration.

Under the remuneration policy, Directors' remuneration should be based on internal equity factors and external market conditions and will be reviewed from time to time.

The remuneration of EDs generally consists of:

- fixed monthly salary/allowance — which is set in accordance to the Director's duties, responsibilities, skills, experiences and market influences;

- pension — which is based on the local Mandatory Provident Fund Contribution Scheme;

- short term variable incentive — which may include discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets;

- long term variable incentive — which may include share options designed to encourage long-term commitment.

The remuneration of NEDs and INEDs will be a lump sum of Directors' remuneration made annually.

Directors' Remuneration

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 9 to the consolidated financial statements in this annual report.

The share options granted to and/or entitled by the Directors during the year under review are set out in the section headed "Directors' Interests in Securities" in the Directors' report of this annual report.

NOMINATION OF DIRECTORS

The Board shall be composed of members with mixed skills and experience with appropriate weights necessary to accomplish the Group's business development, strategies, operation, challenges and opportunities. Each member of the Board shall possess, be recognised for and be able to exhibit high and professional standard of a set of core criteria of competence.

The Company had adopted a nomination policy for the criteria, procedures, and process of the appointment and removal of Directors.

Under the nomination policy, the board of EDs has been delegated the full power to the administration of the nomination policy and the appointment and the termination of Directors, where the full Board remains to have the full and overriding power and absolute right thereover.

Since there is no appointment and resignation of Director during the year under review, no meeting was held by the EDs for resolving such issues.

AUDIT COMMITTEE

Throughout the year under review, the Company had maintained an Audit Committee. The major role and function of the Audit Committee includes:

- monitoring the integrity of the financial statements, annual report and half-yearly report of the Group;
- providing independent review and supervision of the effectiveness of the financial controls, internal control and risk management systems of the Group;
- reviewing the adequacy of the external audits;
- reviewing the compliance issues with the Listing Rules and other compliance requirements in relation to financial reporting;
- providing independent views on connected transactions and transactions involving materially conflicted interest; and
- considering and reviewing the appointment, reappointment and removal of the auditors, the audit fee and terms of engagement of the auditors.

Terms of reference of the Audit Committee had been compiled since the establishment of the Audit Committee and each version was endorsed and adopted by the Audit Committee. A revised version of the terms of reference was adopted on 1 January 2009 and has been posted onto the corporate website of the Company.

During the year under review, the Audit Committee had held 5 physical meetings for discussing and/or approving the periodic financial results of the Group, and a written resolution for the adoption of the revised terms of reference of the Audit Committee was passed by the full Board on 1 January 2009.

The composition of the Audit Committee, and the respective attendances of the committee members are presented as follows:

Member	Board capacity	Attendance
Mr Cheng Shu Shing Raymond	INED	5/5
Mr Lo Kwok Hung John	INED	3/5
Mr Lo Ming Chi Charles	INED	5/5

The chairman of the Audit Committee had been Mr Cheng Shu Shing Raymond during the year under review.

The report of the work performed by the Audit Committee for the year under review is set out in the section headed "Audit Committee Report" of this annual report.

AUDITORS' REMUNERATION

On 2 November 2009, the auditors of the Group were changed from Deloitte Touche Tohmatsu to Grant Thornton. The analysis of the auditors' remuneration for the year under review is presented as follows:

	Fee amount
	HK$
Grant Thornton	
Audit service (for 2009 annual accounts of the Group)	1,701,000
Deloitte Touche Tohmatsu	
Non-audit services	337,000
Total	2,038,000

The audit services include the audit for the annual accounts of the Group for the year ended 31 December 2009 and reviewing the continuing connected transactions of the Group required under the Listing Rules. The non-audit services included the reporting accountant required under the Listing Rules for corporate transactions of the Group which took place during the year under review and provision of tax-related services for the Group during the year under review.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the accounts of the Group. In preparing the accounts for the year under review, the Directors have:

- based on a going concern basis;
- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were prudent, fair and reasonable.

REVIEW OF INTERNAL CONTROL

During the year under review, the Directors had arranged to conduct a review over the effectiveness of the internal control system of the Group including functions of financial, operation, compliance and risk management, and also over the adequacy of resources, qualifications and experience of employees who are responsible for the accounting and financial reporting functions of the Group, and their training programmes and budget. These reviews showed a satisfactory control system. The review had been reported to the Audit Committee. The Directors had also initiated necessary improvement and reinforcement to the internal control system during the year under review.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 31 March 2010

Audit Committee Report

The Audit Committee was established on 30 October 2000. Its composition shall be a minimum of 3 members of NEDs with a majority being INEDs. For the year under review, the Audit Committee comprised all the INEDs of the Company at all times.

For the year under review, the Audit Committee had performed the following duties:

- reviewed and commented on the financial reports for the six months ended 30 June 2009 and for the year ended 31 December 2009, and reviewed and commented on the business operation and development of the Group for the quarters ended 31 March 2009 and 30 September 2009;
- endorsed the policy on the engagement of external auditors for non-audit services;
- met with the auditors to discuss the financial matters of the Group that arose during the course of the audit process, and reviewed the findings, recommendations and representations of the auditors;
- considered and approved the remuneration and the terms of engagement of the auditors for both audit service and non-audit services for the year under review;
- reviewed the Company's financial controls, internal control and risk management systems;
- reviewed the Company's statement on internal control systems including adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- considered the change of auditors and recommended to the Board for the appointment of Grant Thornton as the new auditors of the Group; and
- reviewed the "Continuing Connected Transactions" set forth on pages 41 to 43 of this annual report.

Audit Committee Members:
CHENG Shu Shing Raymond *(committee chairman)*
LO Kwok Hung John
LO Ming Chi Charles

Hong Kong, 31 March 2010

Directors' Report

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are the provision of (a) online and traditional brokerage of securities, options, futures, and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, (b) margin financing and money lending services, (c) corporate finance services, and (d) sales of furniture and household items and electrical appliances.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 53 of this annual report.

The Board does not recommend the payment of a final dividend.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2009 is set out on page 125 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 41 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the section of "Consolidated Statement of Changes in Equity" in the consolidated financial statements.

As at 31 December 2009, the reserves of the Company available for distribution to shareholders were approximately HK$113,445,000, comprising contributed surplus of HK$159,080,000 less accumulated losses of HK$45,635,000 and the Company's share premium available for distribution in the form of fully paid bonus shares was HK$381,045,000.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

(1) Connected transactions

(a) Acquisition of equity interest in a non-wholly-owned subsidiary from connected persons

As disclosed in the Company's announcement dated 18 February 2009, CFS (a wholly-owned subsidiary of the Company) entered into a letter of agreement dated 18 February 2009 with each of Mr Wong Tat Tung Dennis and Ms Kam Chi Wan Sandy (both are director and/or substantial shareholders of CASH Frederick Taylor Limited (now known as CASH Wealth Management Limited) (a 70%-owned subsidiary of the Company as at the date of the transaction) and hence connected persons of the Company within the meaning of the Listing Rules) as vendors respectively on the same date. Pursuant to the agreements, CFS has agreed, inter alia, to purchase from the vendors an aggregate of 300,000 shares (representing 30% of the issued share capital) in CASH Frederick Taylor Limited at a total consideration of HK$1,400,000 to be fully settled in cash. The acquisition constituted a connected transaction exempt from independent shareholders' approval requirement for the Company under the Listing Rules. There is no conditions precedent to the completion of the agreements and the completion took place on 20 February 2009. Since then, CASH Frederick Taylor Limited became a wholly-owned subsidiary of the Company.

(b) Acquisition of Hong Kong retail business from CASH

Pursuant to the resolutions passed by the independent Shareholders at a special general meeting held on 11 June 2009, the proposed acquisition of 100% equity interests in the Retail Group by the Company from CGL under the sale and purchase agreement dated 19 December 2008 as supplemented by the supplemental agreement dated 21 May 2009 was approved. The Company completed the acquisition of equity interest of 60% and the remaining 40% of the Retail Group on 6 July 2009 and 12 October 2009 respectively at the aggregate consideration of HK$310,340,000, which was settled as to HK$60 million by cash deposit and the remaining balance by the issue of two convertible notes in the total principal amount of HK$250,340,000 by the Company. Details of the acquisition were set out in the Company's announcements dated 19 December 2008 and 21 May 2009, and the circular dated 26 May 2009.

As CGL is a wholly-owned subsidiary of CASH (the controlling Shareholder) and therefore an associate of CASH, both CASH and CGL are connected persons of the Company within the meaning of the Listing Rules. The acquisition and issue of the convertible notes constituted a very substantial acquisition and a connected transaction for the Company under the Listing Rules. The deposit of HK$60 million and the interest on convertible notes paid to CASH are also disclosed as a related party transaction in note 39(j) and 39(n) respectively to the consolidated financial statements.

(2) Continuing connected transactions

(a) Financial assistance

(i) Previous Margin Financing Arrangement

Pursuant to the resolution passed by the independent Shareholders at a special general meeting held on 19 March 2007, the Previous Margin Financing Arrangement was approved and the Company entered into written margin financing agreements with each of the Previous Connected Clients, under which the Company would extend margin financing facilities to Previous Connected Clients, at an annual cap of up to HK$4 billion to ARTAR and of up to HK$30 million to each of the other Previous Connected Clients for each of the three financial years ended on 31 December 2009 and are on terms and rates which are the same as those offered by the Company to its other margin financing clients. The Previous Connected Clients were all substantial Shareholders and/or Directors and/or their respective associates, and hence connected persons of the Company within the meaning of the Listing Rules. The margin financing facilities are repayable on demand and secured by listed securities held by the respective Previous Connected Clients. Details of the Previous Margin Financing Arrangement were disclosed in the Company's announcement dated 9 February 2007, the circular dated 1 March 2007 and the listing document dated 30 January 2008.

The Previous Margin Financing Arrangement had been expired on 31 December 2009. The facilities granted to certain Previous Connected Clients were renewed by the Margin Financing Arrangement as disclosed in paragraph 2(a)(ii) below. Details of the maximum amounts of the margin financing facilities granted to the Previous Connected Clients during the year under review are set out in note 26 to the consolidated financial statements. The commission and interest income received from the Previous Connected Clients during the year under review are disclosed in notes 39(a) to (g) to the consolidated financial statements.

Pursuant to rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain agreed upon procedures in respect of the Previous Margin Financing Arrangement. The auditors have reported the factual findings on these procedures to the Board. The INEDs have reviewed the Previous Margin Financing Arrangement and the report of the auditors and confirmed that the Previous Margin Financing Arrangement has been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the terms of the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the work performed, the auditors of the Company have also confirmed that the Previous Margin Financing Arrangement (a) has received the approval of the Board; (b) has been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties; (c) has been entered into in accordance with the terms of the relevant agreements governing such transactions; and (d) has not exceeded the relevant cap amount for the financial year ended 31 December 2009 as set out in the listing document of the Company dated 30 January 2008.

(ii) *Margin Financing Arrangement*

As disclosed in the Company's announcement dated 25 November 2009, the Company proposed the Margin Financing Arrangement with each of the Connected Clients as a renewal of the Previous Margin Financing Arrangement to certain Previous Connected Clients and to grant new facilities to other new Connected Clients. Under the Margin Financing Arrangement, the Company would extend margin financing facilities to the Connected Clients, at an annual cap of up to HK$30 million (which represents the maximum outstanding balance, including accrued outstanding interests, of the margin financing facility) to each of the Connected Clients for each of the three financial years ending on 31 December 2012 and are on terms and rates which are in line with the rates offered by the Company to other independent margin clients. The margin financing facilities are repayable on demand and secured by listed securities held by the respective Connected Clients.

The Connected Clients are all substantial Shareholders and/or Directors and/or their respective associates, and hence connected persons of the Company within the meaning of the Listing Rules. The granting of margin financing facilities by the Company under the Margin Financing Arrangement would constitute continuing connected transactions relating to financial assistance for the Company under the Listing Rules. The Margin Financing Arrangement was approved by the independent Shareholders at a special general meeting held on 31 December 2009. Details of the Margin Financing Arrangement were disclosed in the Company's circular dated 15 December 2009.

(b) Intra-group transactions

Pursuant to the resolutions passed by the independent Shareholders at a special general meeting held on 11 June 2009, the following three agreements all dated 19 December 2008 entered into among the Company, CASH and CRM(HK) relating to certain intra-group activities among the Group, CASH Group and the Retail Group were approved, namely (i) provision of financial guarantee (as might be necessary as per request of various banks) by each of the Company and/or CASH at an annual cap of not exceeding HK$200 million, for assisting the Retail Group to obtain banking facilities from various banks for each of the three financial years ending 31 December 2011; (ii) sub-leasing arrangement by which CASH will sub-lease around 60% of floor area of its office premises to the Retail Group as its office premises at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong at an annual cap of rental (including rent and management fees) of not exceeding HK$5 million in total, for each of the three financial years ending 31 December 2011; and (iii) provision of services, including sales and marketing, advertising, promotional, etc, by the Retail Group at an annual cap of services fees of not exceeding HK$2 million in total, to each of the Group and CASH Group (not including the Group) for each of the three financial years ending 31 December 2011. Details of the intra-group transactions were disclosed in the Company's announcements dated 19 December 2008 and 21 May 2009, and the circular dated 26 May 2009. Details of the actual amounts involved in the intra-group transactions during the year under review are set out in notes 39(l) and 39(m) to the consolidated financial statements.

On 12 October 2009, the Company completed the acquisition of the remaining 40% of equity interest in the Retail Group. Since then, the Retail Group became a wholly-owned subsidiary of the Company and ceased to be a connected person of the Company under the Listing Rules. Accordingly, the aforesaid provision of financial guarantee by the Company to the Retail Group and the provision of services by the Retail Group to the Group after 12 October 2009 would not constitute continuing connected transactions of the Company under the Listing Rules.

Pursuant to rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain agreed upon procedures in respect of the intra-group transactions. The auditors have reported the factual findings on these procedures to the Board. The INEDs have reviewed the intra-group transactions and the report of the auditors and confirmed that the intra-group transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the terms of the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the work performed, the auditors of the Company have also confirmed that the intra-group transactions (a) have received the approval of the Board; (b) have been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties; (c) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and (d) have not exceeded the relevant cap amount for the financial year ended 31 December 2009 as set out in the circular of the Company dated 26 May 2009.

RELATED PARTIES TRANSACTIONS

Save as the connected transactions and continuing connected transactions as disclosed in the above section, the Group also entered into certain transactions as disclosed in note 39 which were regarded as related party transactions under the applicable accounting standards. Such related party transactions constituted de minis connected transactions of the Company, but were exempted from the reporting, announcement and independent shareholders' approval requirements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transactions of the Group during the year.

RAISING OF FUNDS AND USE OF PROCEEDS

On 20 February 2009, the Company announced a proposed 2-for-1 rights issue at a subscription price of HK$0.45 per share to raise approximately HK$92,600,000 capital. The net proceeds raised were used as additional working capital to strengthen the financial position of the Company. Details of the rights issue are set out in the announcements of the Company dated 20 February 2009 and 23 February 2009 and the prospectus dated 19 March 2009. Save as disclosed herein, the Company did not have any other fund raising activity during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's turnover attributable to the five largest customers accounted for less than 30% of the Group's total turnover.

In the year under review, the Group's purchases attributable to the five largest suppliers accounted for less than 30% of the Group's total purchases.

Directors' Report

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were as follows:

Executive Directors:

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

Independent Non-executive Directors:

Cheng Shu Shing Raymond
Lo Kwok Hung John
Lo Ming Chi Charles

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company:

Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, all being INEDs, shall retire at the annual general meeting of the Company in each year in accordance with their terms of office of directorship.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the Previous Margin Financing Arrangement and the Margin Financing Arrangement as disclosed in sub-headings 2(a)(i) and 2(a)(ii) under the heading of "Connected transactions and continuing connected transactions" in this section above, no Director had a material interest in, either directly or indirectly, any contract of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the financial year under review.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 2.20 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2009, the interests and short positions of the Directors and chief executives 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

(a) Long positions in the Shares

Name	Capacity	Number of Shares Personal	 Family interest	 Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and founder of a discretionary trust	8,168,000	—	315,121,198*	52.39
Chan Chi Ming Benson	Beneficial owner	10,000,000	—	—	1.62
Law Ping Wah Bernard	Beneficial owner	13,771,120	—	—	2.23
Cheng Man Pan Ben	Beneficial owner	5,334,000	—	—	0.86
Yuen Pak Lau Raymond	Beneficial owner and family interest	5,000,000	10,000	—	0.81
Lo Kwok Hung John	Beneficial owner	169,000	—	—	0.03
		42,442,120	10,000	315,121,198	57.94

* The Shares were held as to 298,156,558 Shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH), and as to 16,964,640 Shares by Cash Guardian. Pursuant to the SFO, CASH was owned as to approximately 32.31% 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 Pak Hoo Bankee. Mr Kwan was deemed to be interested in all these Shares as a result of his interests in CASH through Cash Guardian as disclosed in the heading of "Substantial Shareholders" in this section below.

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

Name	Date of grant	Option period	Notes	Exercise price per share (HK$)	Number of options outstanding as at 1 January 2009	 granted on 15 June 2009 (Notes (2) & (3))	 outstanding as at 31 December 2009	Percentage to issued shares as at 31 December 2009 (%)
Kwan Pak Hoo Bankee	15/6/2009	15/6/2009 – 30/6/2013	(1) & (4)	0.734	—	5,000,000	5,000,000	0.81
Chan Chi Ming Benson	15/6/2009	15/6/2009 – 30/6/2013	(4)	0.734	—	3,000,000	3,000,000	0.49
Law Ping Wah Bernard	15/6/2009	15/6/2009 – 30/6/2013	(4)	0.734	—	5,000,000	5,000,000	0.81
Cheng Man Pan Ben	15/6/2009	15/6/2009 – 30/6/2013	(4)	0.734	—	3,000,000	3,000,000	0.49
Yuen Pak Lau Raymond	15/6/2009	15/6/2009 – 30/6/2013	(4)	0.734	—	3,000,000	3,000,000	0.49
					—	19,000,000	19,000,000	3.09

Notes:

(1) Mr Kwan Pak Hoo Bankee is also the substantial Shareholder.

(2) The closing price of the share immediately before the date of grant of options on 15 June 2009 was HK$0.700.

(3) The fair value of the options granted by the Company to the Directors during the year totalled approximately HK$6,028,000. The assumptions in arriving the fair value of the options are disclosed in note 38 to the consolidated financial statements.

(4) The options were vested in 2 tranches as to (i) 50% exercisable from the commencement of the expiry of 6 months from the date of grant (ie 15 December 2009) up to 30 June 2013; and (ii) 50% exercisable from the commencement of the expiry of 1 year from the date of grant (ie 15 June 2010) up to 30 June 2013.

(5) The options are held by the Directors in the capacity of beneficial owners.

(c) Aggregate long positions in the Shares and the underlying shares

Name	Number of Shares	Number of underlying shares	Aggregate in number	Percentage to issued Shares as at 31 December 2009 (%)
Kwan Pak Hoo Bankee	323,289,198	5,000,000	328,289,198	53.20
Chan Chi Ming Benson	10,000,000	3,000,000	13,000,000	2.11
Law Ping Wah Bernard	13,771,120	5,000,000	18,771,120	3.04
Cheng Man Pan Ben	5,334,000	3,000,000	8,334,000	1.35
Yuen Pak Lau Raymond	5,010,000	3,000,000	8,010,000	1.30
Lo Kwok Hung John	169,000	—	169,000	0.03
	357,573,318	19,000,000	376,573,318	61.03

B. Associated corporation (within the meaning of 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*	32.31
Law Ping Wah Bernard	Beneficial owner	6,784,060	—	3.30
Cheng Man Pan Ben	Beneficial owner	12,700	—	0.01
Yuen Pak Lau Raymond	Beneficial owner	650,000	—	0.32
		7,446,760	66,398,512	35.94

* 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 heading of "Substantial Shareholders" in this section below.

(b) *Long positions in the underlying shares*

(i) Options under share option scheme

Name	Date of grant	Option period	Exercise price per share (HK$)	Number of options: outstanding as at 1 January 2009	granted on 13 March 2009	lapsed during the year	outstanding as at 31 December 2009	Percentage to issued shares as at 31 December 2009 (%)
Kwan Pak Hoo Bankee	6/6/2007	6/6/2007 – 31/5/2009	2.450	500,000	—	(500,000)	—	—
	13/3/2009	13/3/2009 – 31/3/2011	1.130	—	1,800,000	—	1,800,000	0.88
Chan Chi Ming Benson	13/3/2009	13/3/2009 – 31/3/2011	1.130	—	1,500,000	—	1,500,000	0.73
Law Ping Wah Bernard	6/6/2007	6/6/2007 – 31/5/2009	2.450	500,000	—	(500,000)	—	—
	13/3/2009	13/3/2009 – 31/3/2011	1.130	—	1,800,000	—	1,800,000	0.88
Cheng Man Pan Ben	6/6/2007	6/6/2007 – 31/5/2009	2.450	1,300,000	—	(1,300,000)	—	—
	13/3/2009	13/3/2009 – 31/3/2011	1.130	—	1,000,000	—	1,000,000	0.49
Yuen Pak Lau Raymond	6/6/2007	6/6/2007 – 31/5/2009	2.450	500,000	—	(500,000)	—	—
	13/3/2009	13/3/2009 – 31/3/2011	1.130	—	1,000,000	—	1,000,000	0.49
				2,800,000	7,100,000	(2,800,000)	7,100,000	3.47

Note: The options are held by the Directors in the capacity of beneficial owners.

(ii) Convertible note

Name	Date of convertible note	Conversion period	Conversion price per share (HK$)	Number of underlying shares	Percentage to issued shares as at 31 December 2009 (%)
Kwan Pak Hoo Bankee	17/2/2009	17/8/2009 – 31/12/2011	1.00	43,243,000	21.04

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 heading of "Substantial Shareholders" in this section below.

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

Name	Number of shares	Number of underlying shares	Aggregate in number	Percentage to issued shares as at 31 December 2009 (%)
Kwan Pak Hoo Bankee	66,398,512	45,043,000	111,441,512	54.23
Chan Chi Ming Benson	—	1,500,000	1,500,000	0.73
Law Ping Wah Bernard	6,784,060	1,800,000	8,584,060	4.18
Cheng Man Pan Ben	12,700	1,000,000	1,012,700	0.50
Yuen Pak Lau Raymond	650,000	1,000,000	1,650,000	0.81
	73,845,272	50,343,000	124,188,272	60.45

Save as disclosed above, as at 31 December 2009, none of the Directors, chief executives 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.

SHARE OPTION SCHEMES

The Company has two share option schemes, namely New Option Scheme adopted on 22 February 2008 (which took effect on 3 March 2008) and the Option Scheme adopted on 19 February 2002 (which was terminated on 3 March 2008) respectively. Particulars of the terms of the share option schemes are set out in note 38 to the consolidated financial statements.

The following table discloses details of the Company's share options granted under the share option schemes held by the Directors and the employees of the Group and movements in such holdings during the year ended 31 December 2009:

					Number of options					
Name of scheme	**Date of grant**	**Option period**	**Exercise price per share** (HK$)	**Notes**	**outstanding as at 1 January 2009**	**adjusted on 19 March 2009** (Note (6))	**granted during the year** (Notes (7) & (8))	**lapsed during the year** (Note (9))	**cancelled during the year** (Note (10))	**outstanding as at 31 December 2009**
Directors										
New Option Scheme	15/6/2009	15/6/2009 – 30/6/2013	0.734	(1) & (3)	—	—	19,000,000	(5,000,000)	—	14,000,000
Employees and consultants										
Option Scheme	7/7/2006	7/7/2006 – 31/7/2010	1.180	(2) & (6)	113,000	11,000	—	—	—	124,000
New Option Scheme	15/6/2009	15/6/2009 – 30/6/2013	0.734	(3)	—	—	11,000,000	—	—	11,000,000
	15/6/2009	15/6/2009 – 30/6/2013	0.734	(4)	—	—	9,000,000	—	—	9,000,000
	22/6/2009	22/6/2009 – 30/6/2013	0.720	(5)	—	—	20,000,000	—	(5,000,000)	15,000,000
					113,000	11,000	40,000,000	—	(5,000,000)	35,124,000
					113,000	11,000	59,000,000	(5,000,000)	(5,000,000)	49,124,000

Notes:

(1) Details of the options granted to the Directors are set out in the section headed "Directors' interests in securities" above.

(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 option period; (iii) 25% exercisable from the expiry of 24 months from the commencement of the option period; and (iv) 25% exercisable from the expiry of 36 months from the commencement of the option period.

(3) The options were vested in 2 tranches as to (i) 50% exercisable from the commencement of the expiry of 6 months from the date of grant (ie 15 December 2009) up to 30 June 2013; and (ii) 50% exercisable from the commencement of the expiry of 1 year from the date of grant (ie 15 June 2010) up to 30 June 2013.

(4) The options were vested in 3 tranches as to (i) 30% exercisable from the commencement of the expiry of 1 year from the date of grant (ie 15 June 2010) up to 30 June 2013; (ii) 30% exercisable from the commencement of the expiry of 2 years from the date of grant (ie 15 June 2011) up to 30 June 2013; and (iii) 40% exercisable from the commencement of the expiry of 3 years from the date of grant (ie 15 June 2012) up to 30 June 2013.

(5) The exercise of options were subject to delivery of services to members of the Group as determined at the sole discretion of the Board.

(6) The number and the exercise price of share options which remained outstanding have been adjusted from 113,000 Shares and HK$1.310 per Share to 124,000 Shares and HK$1.180 per Share respectively with effect from 19 March 2009, due to the rights issue of the Company.

(7) The closing price of the share immediately before the date of grant of options on 15 June 2009 and 22 June 2009 was HK$0.700 and HK$0.690 respectively.

(8) During the year ended 31 December 2009, 12,000,000 and 3,000,000 share options granted on 15 June 2009 and 22 June 2009 were vested respectively. The estimated fair values of the share options granted on these dates are approximately HK$12,375,000 and HK$6,240,000 respectively. The assumptions in arriving the fair value of the options are disclosed in note 38 to the consolidated financial statements.

(9) The lapsed options were due to cessation of employment of a participant with the Group.

(10) The cancelled options were due to non-acceptance of options by a participant.

(11) No option was exercised during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, so far as is known to the Directors and chief executives of the Company, the persons/companies, other than a Director or chief executives of the Company, who had interests or short positions in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	**Capacity**	**Number of Shares**	**Shareholding** (%)
Jeffnet Inc (Note (1))	Trustee of a discretionary trust	315,121,198	51.06
Cash Guardian (Note (1))	Interest in a controlled corporation	315,121,198	51.06
CASH (Note (1))	Interest in a controlled corporation	298,156,558	48.32
Praise Joy Limited (Note (1))	Interest in a controlled corporation	298,156,558	48.32
CIGL (Note (1))	Beneficial owner	298,156,558	48.32
Mr Al-Rashid, Abdulrahman Saad ("Mr Al-Rashid") (Note (2))	Interest in a controlled corporation	64,372,480	10.43
ARTAR (Note (2))	Beneficial owner	64,372,480	10.43

Notes:

(1) This refers to the same number of 315,121,198 Shares which were held as to 298,156,558 Shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH) and as to 16,964,640 Shares by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). CASH owned as to approximately 32.31% by Cash Guardian. Jeffnet Inc held these Shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan, Jeffnet Inc and Cash Guardian were deemed to be interested in all the Shares held by CIGL through CASH. The above interest has already been disclosed as other interest of Mr Kwan in the section headed "Directors' interests in securities" above.

(2) This refers to the same number of 64,372,480 Shares held by ARTAR. ARTAR was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the Shares held by ARTAR.

(3) Mr Kwan (a Director whose interest is not shown in the above table) was interested and/or deemed to be interested in a total of 323,289,198 Shares (52.39%), which were held as to 298,156,558 Shares by CIGL, as to 16,964,640 Shares by Cash Guardian and as to 8,168,000 Shares in his personal name. Details of his interest are set out in the section headed "Directors' interests in securities" above.

Save as disclosed above, as at 31 December 2009, so far as is known to the Directors and chief executives 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 as recorded in the register required to be kept under section 336 of the SFO.

Directors' Report

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of not less than 25% of its Shares in the hands of the public in accordance with the Listing Rules as at the latest practicable date prior to the issue of this annual report.

DONATIONS

During the year, the Group made charitable donations amounted to approximately HK$5.3 million.

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the INEDs in compliance with rule 3.13 of the Listing Rules, and the Company still considers that each of them to be independent.

AUDITORS

During the year, Deloitte Touche Tohmatsu resigned as auditors of the Company and Grant Thornton was appointed by the Board as auditors of the Company to fill the casual vacancy. There have been no other changes of auditors in the preceding three years.

The consolidated financial statements of the Company for the year was audited by Grant Thornton. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Grant Thornton as auditors of the Company.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 31 March 2010

Independent Auditors' Report

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of CASH Financial Services Group Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CASH Financial Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 123, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

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

Grant Thornton
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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central

Hong Kong
31 March 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	6	**705,480**	324,651
Other operating income		**7,120**	4,437
Cost of sales for retailing business		**(272,542)**	—
Salaries, commission and related benefits	7	**(201,594)**	(151,110)
Depreciation		**(34,619)**	(15,655)
Finance costs	8	**(13,960)**	(20,134)
Other operating and administrative expenses		**(243,491)**	(100,649)
Excess of interest in the net fair value of the identifiable assets of subsidiaries over cost of acquisition	37(a)	**25,433**	—
Change in fair value of derivative financial instruments		**3,067**	8,734
Change in fair value of investment properties	17	**24,290**	823
Impairment losses recognised on goodwill	18	**(2,719)**	—
Fair value gain/(loss) on financial assets at fair value through profit or loss		**16,316**	(172,117)
Deficit on property revaluation		**(600)**	—
Loss on redemption of convertible notes	32	**(24,812)**	—
Share of results of associates	23	**5,247**	39,096
Loss before income tax	11	**(7,384)**	(81,924)
Income tax expense	12	**(13,848)**	(4,294)
Loss for the year		**(21,232)**	(86,218)
Other comprehensive income, including reclassification adjustments			
Exchange differences arising on translation of foreign operations		**(17)**	79
Share of translation reserve of associates		**—**	6,810
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(17)**	6,889
Total comprehensive income for the year		**(21,249)**	(79,329)
Loss for the year attributable to:			
Owners of the Company		**(22,675)**	(99,595)
Minority interests		**1,443**	13,377
		(21,232)	(86,218)
Total comprehensive income attributable to:			
Owners of the Company		**(22,692)**	(95,090)
Minority interests		**1,443**	15,761
		(21,249)	(79,329)
Loss per share for loss attributable to the owners of the Company during the year	14		(Restated)
— Basic (HK cents)		**(4.1)**	(23.8)
— Diluted (HK cents)		**N/A**	N/A

Consolidated Statement of Financial Position

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**159,475**	108,164
Prepaid lease payments	16	**15,134**	—
Investment properties	17	**87,561**	—
Goodwill	18	**2,661**	4,933
Other intangible assets	19	**321,059**	11,062
Other assets	21	**11,040**	132,718
Other long-term deposits		**21,555**	—
Loans receivable	22	**4,950**	192
Interests in associates	23	**116,931**	111,684
Loan to an associate	23	**10,296**	10,296
Deferred tax assets	13	**2,000**	—
		752,662	379,049
Current assets			
Inventories	24	**43,454**	—
Amounts receivable on disposal of subsidiaries	25	**—**	171,498
Accounts receivable	26	**505,305**	304,042
Loans receivable	22	**15,663**	13,629
Prepayments, deposits and other receivables		**34,003**	25,594
Amount due from an associate	25	**—**	260
Amounts due from fellow subsidiaries	25	**—**	341
Investments held for trading	27	**37,214**	79,155
Tax recoverable		**9,381**	1,230
Bank deposits subject to conditions	28	**87,739**	35,180
Bank balances — trust and segregated accounts	25	**765,112**	542,079
Bank balances (general accounts) and cash	25	**253,243**	175,201
		1,751,114	1,348,209
Current liabilities			
Accounts payable	29	**1,157,955**	689,175
Accrued liabilities and other payables		**58,976**	46,482
Derivative financial liabilities	34	**—**	3,067
Amounts due to fellow subsidiaries	25	**800**	—
Obligations under finance leases — portion due within one year	30	**135**	127
Bank borrowings — amount due within one year	31	**367,033**	195,253
Loan from a minority shareholder	25	**27,437**	27,437
Current tax liabilities		**6,337**	20,172
		1,618,673	981,713
Net current assets		**132,441**	366,496
Total assets less current liabilities		**885,103**	745,545

Consolidated Statement of Financial Position (continued)

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Bank borrowings — amount due after one year	31	**55,377**	36,833
Deferred tax liabilities	13	**59,730**	2,342
Obligations under finance leases — portion due after one year	30	**180**	315
		115,287	39,490
Net assets		**769,816**	706,055
EQUITY			
Share capital	33	**61,711**	41,140
Reserves		**690,353**	648,153
Equity attributable to the Company's owners		**752,064**	689,293
Minority interests		**17,752**	16,762
Total equity		**769,816**	706,055

Kwan Pak Hoo Bankee
Director

Law Ping Wah Bernard
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Loss before income tax		**(7,384)**	(81,924)
Adjustments for:			
Allowance for bad and doubtful loan receivable	11	**—**	900
Allowance for inventory obsolescence and written-off	11	**1,569**	—
Amortisation of prepaid lease payments	11	**207**	—
Bad debt on accounts and loans receivable written off directly	11	**—**	177
Deficit on property revaluation		**600**	—
Depreciation of property, plant and equipment	11	**34,619**	15,655
Interest income arising from accounts receivable on disposal of subsidiaries		**(2,387)**	(8,795)
Interest expense	8	**13,960**	20,134
Change in fair value of investment properties	17	**(24,290)**	(823)
(Gain)/loss on disposal of other intangible assets	11	**(393)**	830
Loss/(gain) on disposal of property, plant and equipment	11	**778**	(35)
Loss on redemption of convertible notes	32	**24,812**	—
Excess of interest in the net fair value of the identifiable assets of subsidiaries over cost of acquisition	37(a)	**(25,433)**	—
Realised loss on equity-linked structured deposits		**—**	29,905
Impairment losses recognised on goodwill	18	**2,719**	—
Impairment losses on other receivables	11	**270**	—
Share-based compensation	7	**7,566**	—
Share of results of associates	23	**(5,247)**	(39,096)
Operating profit/(loss) before working capital changes		**21,966**	(63,072)
Increase in inventories		**(11,658)**	—
(Increase)/decrease in accounts receivable		**(201,263)**	627,376
(Increase)/decrease in loans receivable		**(6,792)**	14,322
Decrease in prepayments, deposits and other receivables		**2,646**	70,256
Decrease in amount due from an associate		**260**	—
Decrease in amounts due from fellow subsidiaries		**1,700**	440
Decrease/(increase) in investments held for trading		**41,941**	(28,143)
Decrease in equity-linked structured deposits		**—**	28,507
(Increase)/decrease in bank balances — trust and segregated accounts		**(223,033)**	386,448
Increase/(decrease) in accounts payable		**354,601**	(690,346)
Increase/(decrease) in accrued liabilities and other payables		**8,497**	(22,052)
Decrease in derivative financial liabilities		**(3,067)**	(8,734)
Cash (used in)/generated from operations		**(14,202)**	315,002
Income taxes refunded		**350**	—
Income taxes paid		**(30,441)**	(4,003)
Net cash (used in)/generated from operating activities		**(44,293)**	310,999

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from investing activities			
Acquisition of subsidiaries	37	**130,259**	(105)
Increase in bank deposits subject to conditions		**(52,559)**	(6,505)
Statutory and other deposits paid		**(1,593)**	(311)
Purchases of property, plant and equipment		**(47,016)**	(98,254)
Purchase of other intangible assets		**(300)**	—
Proceeds from disposal of property, plant and equipment		**—**	35
Proceeds from disposal of other intangible assets		**1,703**	500
Proceeds from disposal of investment properties		**—**	5,823
Deposits paid for acquisition of fellow subsidiaries		**—**	(60,000)
Increase in interests in a subsidiary		**(1,400)**	—
Receipt on amounts receivable on disposal of subsidiaries		**173,885**	—
Net cash generated from/(used in) investing activities		**202,979**	(158,817)
Cash flows from financing activities			
Net proceeds from/(repayment of) bank borrowings		**91,467**	(63,656)
Capital contribution from minority interests		**500**	—
Repayment of loan payable		**—**	(35,853)
Repayment of convertible notes		**(250,340)**	—
Payment of shares repurchase		**—**	(10,904)
Proceeds on issue of new shares		**92,567**	528
Share issue expenses		**(802)**	(40)
Dividends paid		**—**	(103,566)
Interest paid on bank borrowings	8	**(13,120)**	(20,125)
Interest paid on convertible notes	32	**(749)**	—
Interest paid on obligations under finance leases	8	**(23)**	(9)
Repayment of obligations under finance leases		**(127)**	(103)
Net cash used in financing activities		**(80,627)**	(233,728)
Net increase/(decrease) in cash and cash equivalents		**78,059**	(81,546)
Cash and cash equivalents at the beginning of year		**175,201**	256,668
Effect of change in foreign exchange rate		**(17)**	79
Cash and cash equivalents at the end of year		**253,243**	175,201

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Equity attributable to the Company's owners									
	Share capital	**Share premium**	**Contributed surplus**	**Convertible notes equity reserve**	**Share-based payment reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Minority interests**	**Total**
	HK$'000	HK$'000	HK$'000 (note a)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2008	207,697	319,948	170,550	—	88	855	199,227	898,365	1,001	899,366
Issue of new shares	120	408	—	—	—	—	—	528	—	528
Reduction of shares due to share consolidation and capital reduction	(166,238)	—	166,238	—	—	—	—	—	—	—
Share repurchases	(439)	(10,465)	—	—	—	—	—	(10,904)	—	(10,904)
Transaction costs attributable to issue of new shares	—	(40)	—	—	—	—	—	(40)	—	(40)
Amount transferred to retained earnings as a result of expiration of share option	—	—	—	—	(88)	—	88	—	—	—
2007 final dividends paid	—	—	—	—	—	—	(62,339)	(62,339)	—	(62,339)
2008 interim dividends paid	—	—	—	—	—	—	(41,227)	(41,227)	—	(41,227)
Transactions with owners	(166,557)	(10,097)	166,238	—	(88)	—	(103,478)	(113,982)	—	(113,982)
Loss for the year	—	—	—	—	—	—	(99,595)	(99,595)	13,377	(86,218)
Other comprehensive income										
Share of translation reserve of associates	—	—	—	—	—	4,426	—	4,426	2,384	6,810
Exchange differences arising on translation of foreign operations	—	—	—	—	—	79	—	79	—	79
Total comprehensive income for the year	—	—	—	—	—	4,505	(99,595)	(95,090)	15,761	(79,329)
Amount transferred to set off accumulated losses (note b)	—	—	(60,000)	—	—	—	60,000	—	—	—
Balance at 31 December 2008	41,140	309,851	276,788	—	—	5,360	56,154	689,293	16,762	706,055
Balance at 1 January 2009	41,140	309,851	276,788	—	—	5,360	56,154	689,293	16,762	706,055
Issue of new shares	20,571	71,996	—	—	—	—	—	92,567	—	92,567
Transaction costs attributable to issue of new shares	—	(802)	—	—	—	—	—	(802)	—	(802)
Amount transferred to retained earnings as a result of expiration of share option	—	—	—	—	(494)	—	494	—	—	—
Share-based compensation	—	—	—	—	7,566	—	—	7,566	—	7,566
Acquisition of minority interests	—	—	—	—	—	—	—	—	(953)	(953)
Issue of convertible notes	—	—	—	26,321	—	—	—	26,321	—	26,321
Redemption of convertible notes	—	—	—	(26,321)	—	—	(13,868)	(40,189)	—	(40,189)
Capital contribution from minority interests	—	—	—	—	—	—	—	—	500	500
Transactions with owners	20,571	71,194	—	—	7,072	—	(13,374)	85,463	(453)	85,010
Loss for the year	—	—	—	—	—	—	(22,675)	(22,675)	1,443	(21,232)
Other comprehensive income										
Exchange differences arising on translation of foreign operations	—	—	—	—	—	(17)	—	(17)	—	(17)
Total comprehensive income for the year	—	—	—	—	—	(17)	(22,675)	(22,692)	1,443	(21,249)
Balance at 31 December 2009	**61,711**	**381,045**	**276,788**	**—**	**7,072**	**5,343**	**20,105**	**752,064**	**17,752**	**769,816**

Notes:

(a) 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.

(b) Pursuant to a minute of a board of directors' meeting held on 3 September 2008, an amount of HK$60,000,000 was transferred from the contributed surplus account to set off against the accumulated losses of the Company for the payment of 2008 interim dividend of HK$41,227,000.

1. GENERAL INFORMATION

CASH Financial Services Group Limited ("Company") is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is 21/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

As at 31 December 2009, the Company is controlled by Celestial Investment Group Limited ("CIGL"), a limited liability company incorporated and domiciled in the British Virgin Islands. The ultimate parent company of the Group is Celestial Asia Securities Holdings Limited ("CASH"), a company incorporated and domiciled in Bermuda and its shares are listed on the Stock Exchange.

The Company and its subsidiaries ("Group") are principally engaged in the following activities:

— provision of online and traditional brokerage of securities, futures, options and leverage foreign exchange contracts as well as mutual funds and insurance-linked investment products;

— provision of margin financing and money lending services;

— provision of corporate finance services; and

— sales of furniture and household goods and electrical appliances.

The financial statements for the year ended 31 December 2009 were approved for issue by the board of directors on 31 March 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 53 to 123 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group (see note 2.3 below) made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group assets sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated statement of comprehensive income as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

2.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture.

In consolidated financial statements, an investment in an associate is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of 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, plus any costs directly attributable to the investment. 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 in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in associate recognised for the year.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Where unrealised losses on assets sales between the Group and its associates are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less cost to sell) of the associate and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

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 and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into HK$ at the closing rates.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

2.6 Property, plant and equipment

Buildings are stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on revaluation of buildings is recognised in other comprehensive income and is accumulated in the revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of buildings arising on revaluations is recognised in other comprehensive income to the extent of the revaluation surplus in the revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

Depreciation on assets is provided to write off the cost or revalued amount over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	20 years
Leasehold improvements	5 years or over the lease terms, whichever is shorter
Furniture and fixtures	5 years
Computer and equipment	3 to 5 years
Motor vehicles	3 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of buildings.

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

2.7 Prepaid lease payments

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 2.15. Amortisation is calculated on a straight line basis over the term of the lease except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

2.8 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate is set out in note 2.4.

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination 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, plus any costs directly attributable to the business combination.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2.19).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.10 Intangible assets (Other than goodwill)

Intangible assets acquired separately

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

Intangible assets, with indefinite useful lives, are tested for impairment as described below in note 2.19.

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.

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

2.11 Financial assets

The Group's accounting policies for financial assets other than investments in associates are set out below.

Financial assets are classified into the following categories:

— financial assets at fair value through profit or loss

— loans and receivables

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

— the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

— the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

— the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 2.18 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, obligations under finance leases, derivative financial instruments, convertible notes and loan from a minority shareholder.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.22).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Obligations under finance leases

Obligations under finance leases are measured at initial value less the capital element of lease repayments (see note 2.15).

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Derivative financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial assets or financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial liabilities (continued)

Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the call option for conversion of the convertible notes into equity, is included in equity as convertible notes equity reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the convertible notes.

When the convertible notes are converted, the equity component of convertible notes and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the convertible notes are redeemed, the equity component of convertible notes is released directly to retained earnings.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.15 Leases

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

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Leases (continued)

Assets acquired under finance leases

Where the Group acquires the use of the assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Provisions, contingent liabilities and contingent assets (continued)

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

2.17 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and fees derived from provision of services, net of discounts and sales related taxes. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follow:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customers. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

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

— The net increase or decrease in fair value of trading investments is recognised directly in 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 time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Other interest income is recognised on a time-proportion basis using the effective interest method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Impairment of non-financial assets

Goodwill arising on an acquisition of subsidiary, intangible assets, property, plant and equipment, prepaid lease payments and interest in associates are subject to impairment testing.

Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount, unless the relevant asset is carried at a revalued amount under the Groups accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy (refer to note 2.9 for details). Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.20 Retirement benefit costs and short term employee benefits

Retirement benefits scheme

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 profit or loss 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Retirement benefit costs and short term employee benefits (continued)

Retirement benefits scheme (continued)

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.21 Share-based compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 January 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the financial instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

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

2.22 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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 differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and;

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Financial guarantee issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

2.25 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified the following reportable segments:

- Financial services — broking, financing, corporate finance services and securities trading
- Retailing — sales of furniture and household goods and electrical appliances

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- expenses related to share-based payments
- change in fair value of investment properties
- Fair value gain/(loss) on financial assets at fair value through profit or loss
- share of results of associates accounted for using the equity method
- Change in fair value of derivative financial instruments
- Excess of interest in the net fair value of the identifiable assets of subsidiaries over the cost of acquisition
- Loss on redemption of convertible notes

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Segment reporting (continued)

- income tax
- corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but investments in financial assets, investment properties and interests in associates. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include deferred tax liabilities attributable to investment properties.

No asymmetrical allocations have been applied to reportable segments.

2.26 Related parties

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

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

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

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSS

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendments)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement — Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfer of Assets from Customers
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statements of comprehensive Income". Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

HKFRS 7 (Amendments) Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKAS 8 Operating Segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

3. ADOPTION OF NEW AND AMENDED HKFRSS (continued)

Annual Improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first Annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. These amendments did not have any impact of the current period results and financial position.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business Combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and Separate Financial Statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual Improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed 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 based on, among other factors, the current creditworthiness, the collateral security and the past collection history of each client. If the financial conditions of debtors and their ability to make payments worsen, additional allowance may be required.

Estimated impairment of goodwill and intangible assets

The Group test annually whether goodwill and intangible assets with an indefinite useful life have suffered any impairment in accordance with the accounting policy stated in note 2.19. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Net realisable value of inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate the aging analysis of inventories and compare the carrying values of inventories to their estimated net realisable value. A considerable amount of judgement is required in determining such allowance. If conditions which have impact on the net realisable value of inventories deteriorate, additional allowances may be required.

Valuation of share option granted

The fair value of share options granted was calculated using the Black-Scholes pricing model based on the Group management's significant inputs into the pricing model such as the expected life of share options granted, based on exercise restrictions and behavioural consideration, the volatility of share price, weighted average share prices, and exercise price of the share options granted. Changes in these inputs may materially affect the fair value estimates.

Estimated fair value of investment properties

Investment properties are stated at fair value in accordance with the accounting policy stated in 2.8. The fair values of investment properties, set out in note 17, are determined by an independent professional valuer, B.I. Appraisals Limited. Such valuations are made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual results. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market conditions existing at the reporting date. These estimates are regularly compared to actual market data and actual transactions in the market.

Valuation of convertible notes

The directors use their judgement in selecting an appropriate valuation technique for the Group's convertible notes which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair value of convertible notes is estimated by independent professional valuer based on actual transactions of the financial instruments in the market or transactions of similar financial instruments which generally represent the best estimate of the market value. The fair value of convertible notes varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of convertible notes.

5. SEGMENT INFORMATION

The executive directors have identified the Group's two services lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	2009		
	Financial services HK$'000	**Retailing** HK$'000	**Total** HK$'000
Reportable segment revenue			
From external customers	248,978	456,502	705,480
Reportable segment profit	8,402	3,686	12,088

Other information for the year ended 31 December 2009

	2009		
	Financial services HK$'000	**Retailing** HK$'000	**Total** HK$'000
Interest income	25,492	117	25,609
Amortisation of prepaid lease payments	—	(207)	(207)
Allowance for inventory obsolescence and written-off of inventory	—	(1,569)	(1,569)
Depreciation	(9,412)	(7,696)	(17,108)
Finance costs	(7,398)	(2,160)	(9,558)
Loss on disposal of property, plant and equipments	(555)	(223)	(778)
Impairment loss on other receivables	(176)	(94)	(270)
Impairment of goodwill	(2,719)	—	(2,719)
Bad debt on accounts receivable and loans receivable recovered	136	—	136
Reportable segment assets	1,544,187	629,476	2,173,663
Additions to non-current segment assets during the year	9,594	392,038	401,632
Reportable segment liabilities	(1,283,587)	(331,034)	(1,614,621)

	2008		
	Financial services HK$'000	**Retailing** HK$'000	**Total** HK$'000
Reportable segment revenue			
From external customers	324,651	—	324,651
Reportable segment profit	62,321	—	62,321

Other information for the year ended 31 December 2008

	2008		
	Financial services HK$'000	**Retailing** HK$'000	**Total** HK$'000
Interest income	46,187	—	46,187
Depreciation	(5,904)	—	(5,904)
Finance costs	(15,144)	—	(15,144)
Allowance for bad and doubtful debts	(900)	—	(900)
Reportable segment assets	1,234,314	—	1,234,314
Additions to non-current segment assets during the year	71,921	—	71,921
Reportable segment liabilities	(909,542)	—	(909,542)

5. SEGMENT INFORMATION (continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009 **HK$'000**	2008 HK$'000
Reportable segment revenue	**705,480**	324,651
Other revenue	**—**	—
Group revenue	**705,480**	324,651
Reportable segment profit	**12,088**	62,321
Other operating income	**—**	5,260
Share of result of associates	**5,247**	39,096
Unallocated corporate expenses	**(61,447)**	(25,218)
Fair value gain/(loss) on financial assets at fair value through profit or loss	**16,316**	(172,117)
Change in fair value of derivative financial instruments	**3,067**	8,734
Change in fair value of investment properties	**24,290**	—
Excess of interest in the net fair value of the identifiable assets of subsidiaries over cost of acquisition	**25,433**	—
Loss on redemption of convertible notes	**(24,812)**	—
Share-based compensation	**(7,566)**	—
Loss before income tax	**(7,384)**	(81,924)
Reportable segment assets	**2,173,663**	1,234,314
Interests in associates	**116,931**	111,684
Investment properties	**87,561**	—
Unallocated corporate assets	**125,621**	381,260
Group assets	**2,503,776**	1,727,258
Reportable segment liabilities	**(1,614,621)**	(909,542)
Deferred tax liabilities	**(6,072)**	—
Other corporate liabilities	**(113,267)**	(111,661)
Group liabilities	**(1,733,960)**	(1,021,203)

5. SEGMENT INFORMATION (continued)

Geographical segments

The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities, the Group has the majority of its operations and workforce in Hong Kong, and therefore, Hong Kong is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

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. The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (Place of domicile)	**705,480**	324,651	**464,445**	252,587
PRC	**—**	—	**288,217**	126,462
Total	**705,480**	324,651	**752,662**	379,049

6. REVENUE

The Group's principal activities are disclosed in note 1 to the financial statements. Turnover of the Group is the revenue from these activities.

Revenue from the Group's principal activities recognised during the year is as follow:

	2009	2008
	HK$'000	HK$'000
Fees and commission income	**223,486**	278,464
Interest income	**25,492**	46,187
Sales of furniture and household goods and electrical appliances, net of discounts and returns	**456,502**	—
	705,480	324,651

7. SALARIES, COMMISSION AND RELATED BENEFITS

	2009	2008
	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:		
Salaries, allowances and commission	**188,941**	147,682
Share-based compensation	**7,566**	—
Contributions to retirement benefits schemes	**5,087**	3,428
	201,594	151,110

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest charges on bank overdrafts and loans:		
— wholly repayable within five years	11,642	19,494
— not wholly repayable within five years	1,478	631
Imputed interest on convertible notes (note 32)	817	—
Finance charges on finance leases	23	9
	13,960	20,134

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

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

	Kwan Pak Hoo Bankee HK$'000	Chan Chi Ming Benson HK$'000	Law Ping Wah Bernard HK$'000	Cheng Man Pan Ben HK$'000	Yuen Pak Lau Raymond HK$'000	Cheng Shu Shing Raymond HK$'000	Lo Kwok Hung John HK$'000	Lo Ming Chi Charles HK$'000	2009 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	3,540	1,517	850	1,336	670	—	—	—	7,913
Share-based compensation	1,226	735	1,226	735	735	—	—	—	4,657
Contributions to retirement benefit scheme	57	96	43	67	34	—	—	—	297
Total remuneration	4,823	2,348	2,119	2,138	1,439	100	100	100	13,167

	Kwan Pak Hoo Bankee HK$'000	Chan Chi Ming Benson HK$'000	Law Ping Wah Bernard HK$'000	Cheng Man Pan Ben HK$'000	Yuen Pak Lau Raymond HK$'000	Wong Kin Yick Kenneth HK$'000	Cheng Shu Shing Raymond HK$'000	Lo Kwok Hung John HK$'000	Lo Ming Chi Charles HK$'000	Hui Ka Wah Ronnie HK$'000	2008 Total HK$'000
Fees:											
Executive directors	—	—	—	—	—	—	—	—	—	—	—
Independent non-executive directors	—	—	—	—	—	—	100	100	25	84	309
Other remuneration paid to executive directors:											
Salaries, allowances and benefits in kind	1,260	1,920	920	1,262	55	1,156	—	—	—	—	6,573
Contributions to retirement benefit scheme	63	98	46	63	3	58	—	—	—	—	331
	1,323	2,018	966	1,325	58	1,214	100	100	25	84	7,213

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

During the year ended 31 December 2008, Mr Wong Kin Yick Kenneth resigned as an executive director and Mr Yuen Pak Lau Raymond was appointed as an executive director. In addition, Dr Hui Ka Wah Ronnie resigned as an independent non-executive director and Mr Lo Ming Chi Charles was appointed as an independent non-executive director.

During the years ended 31 December 2009 and 2008, no emoluments was paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There were no arrangements under which a director waived or agreed to waive any remuneration during the years ended 31 December 2009 and 2008.

The value of share options granted to directors is measured according to the Group's accounting policy for the share-based compensation set out in note 2.21.

Senior management's emoluments

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four (2008: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payables to the remaining one (2008: two) individuals are as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries, allowances and benefits in kind	**1,140**	2,040
Contributions to retirement benefits scheme	**45**	75
Performance related incentive payments	**1,599**	463
	2,784	2,578

The emoluments of these remaining one (2008: two) highest paid individuals fell within the following bands:

	Number of employees	
	2009	2008
HK$1,000,001 to HK$1,500,000	**—**	2
HK$2,500,001 to HK$3,000,000	**1**	—

During the years ended 31 December 2009 and 2008, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2009 **HK$'000**	2008 HK$'000
Interim dividend of HK$0.10 per ordinary share in 2008	**—**	41,227

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2009 **HK$'000**	2008 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.03 per ordinary share in 2007	**—**	62,339

11. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2009 **HK$'000**	2008 HK$'000
Auditors' remuneration	**2,038**	1,770
Depreciation of property, plant and equipment		
Owned asset	**34,510**	15,610
Leased asset	**109**	45
	34,619	15,655
Amortisation of prepaid lease payments	**207**	—
Operating lease rentals in respect of land and buildings	**99,716**	25,647
Cost of inventories recognised as expenses	**273,724**	—
Allowance for inventory obsolescence and written-off (note)	**1,569**	—
Loss/(gain) on disposal of property, plant and equipment	**778**	(35)
(Gain)/loss on disposal of other intangible assets	**(393)**	830
Net foreign exchange gain	**(957)**	(182)
Dividends from investments held for trading	**(1,694)**	(3,261)
Bad debt on accounts receivable and loans receivable recovered (note)	**(136)**	(3,476)
Allowance for bad and doubtful loans receivable (note)	**—**	900
Impairment loss on other receivables (note)	**270**	—
Bad debt on accounts and loans receivable written off directly (note)	**—**	177

Note: All these impairment losses or reversal of impairment losses are included in "other operating and administrative expenses" of the consolidated statement of comprehensive income.

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009 **HK$'000**	2008 HK$'000
Current tax:		
— Hong Kong		
Current year	**(6,682)**	(2,154)
(Under)/Overprovision in prior years	**(1,094)**	202
	(7,776)	(1,952)
Deferred tax:		
Current year (note 13)	**(6,072)**	(2,342)
Total income tax expense	**(13,848)**	(4,294)

Reconciliation between tax expense and accounting loss at applicable rates is as follow:

	2009 **HK$'000**	2008 HK$'000
Loss before income tax	**(7,384)**	(81,924)
Tax at Hong Kong profits tax rate of 16.5%	**1,218**	13,517
Tax effect of share of profit of an associate	**865**	6,451
(Under)/Overprovision in respect of prior years	**(1,094)**	202
Tax effect of non-deductible expenses	**(13,067)**	(2,738)
Tax effect of non-taxable revenue	**7,474**	3,409
Tax effect of utilisation of estimated tax losses previously not recognised	**964**	6,184
Tax effect of estimated tax losses not recognised	**(8,323)**	(32,610)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(469)**	1,100
Other differences	**(1,416)**	191
Income tax expense	**(13,848)**	(4,294)

13. DEFERRED TAX

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

Deferred tax assets

	Accelerated tax depreciation HK$'000
At 31 December 2008 and 1 January 2009	—
Arising on acquisition of subsidiaries (note 37(a))	2,000
At 31 December 2009	2,000

Deferred tax liabilities

	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Revaluation of investment properties HK$'000	Total HK$'000
At 1 January 2008	—	—	—	—
Recognised in profit or loss (note 12)	(2,342)	—	—	(2,342)
At 31 December 2008 and 1 January 2009	(2,342)	—	—	(2,342)
Arising from the acquisition of subsidiaries (note 37(a))	—	(51,316)	—	(51,316)
Recognised in profit or loss (note 12)	—	—	(6,072)	(6,072)
At 31 December 2009	(2,342)	(51,316)	(6,072)	(59,730)

Deferred tax assets are recognised for tax loss carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group has unreognised estimated tax losses of HK$98,901,000 (2008: HK$83,564,000) to carry forward against future taxable income. The tax losses can be carried forward indefinitely. For certain subsidiaries operated in PRC, unrecognised estimated tax loss of HK$17,737,510 (2008: HK$12,948,000) are subject to expiry periods of five years from the year in which the tax losses arose under the current tax legislation. No deferred tax asset has been recognised due to the uncertainty of future profit steams against which the asset can be utilized.

14. LOSS PER SHARE

On 17 April 2009, the Company issued 205,702,702 shares of HK$0.10 each by way of rights issue ("Rights Issue"). The comparative figure of the basic loss per share has been restated for the effect of the Rights Issue.

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$22,675,000 (2008: HK$99,595,000) and the weighted average number of ordinary shares of 558,668,447 (2008: 418,095,968 as restated) in issue during the year.

For the years ended 31 December 2009 and 2008, diluted loss per share was not presented because the respective impact of exercise of share options and convertible notes were anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation						
At 1 January 2008	—	48,240	14,983	34,463	1,839	99,525
Additions	—	50,779	16,004	31,471	545	98,799
Arising on acquisition of subsidiaries (note 37(b))	—	—	233	—	—	233
Disposal/written off	—	(13,438)	(9,590)	(8,156)	(657)	(31,841)
At 31 December 2008 and 1 January 2009	—	85,581	21,630	57,778	1,727	166,716
Additions	—	31,981	12,523	2,512	—	47,016
Arising on acquisition of subsidiaries (note 37(a))	26,500	7,728	5,833	—	231	40,292
Revaluation	(1,300)	—	—	—	—	(1,300)
Disposal/written off	—	(833)	(693)	(4,000)	—	(5,526)
At 31 December 2009	25,200	124,457	39,293	56,290	1,958	247,198
Accumulated depreciation and impairment						
At 1 January 2008	—	35,873	14,414	22,814	1,637	74,738
Provided for the year	—	6,410	1,696	7,411	138	15,655
Eliminated on disposal/written off	—	(13,438)	(9,590)	(8,156)	(657)	(31,841)
At 31 December 2008 and 1 January 2009	—	28,845	6,520	22,069	1,118	58,552
Provided for the year	700	19,223	5,014	9,446	236	34,619
Eliminated on disposal/written off	—	(513)	(235)	(4,000)	—	(4,748)
Eliminated on revaluation	(700)	—	—	—	—	(700)
At 31 December 2009	—	47,555	11,299	27,515	1,354	87,723
Carrying values						
At 31 December 2009	25,200	76,902	27,994	28,775	604	159,475
At 31 December 2008	—	56,736	15,110	35,709	609	108,164

Motor vehicles of carrying value of HK$393,000 (2008: HK$500,000) was held under finance leases.

The buildings of the Group are situated in Hong Kong and on land under medium-term lease.

The buildings of the Group were valued on 31 December 2009 by Knight Frank Petty Limited, a firm of independent professional property valuers, on a market value basis by reference to the price information of comparable properties. Knight Frank Petty Limited is not connected with the Group. The revaluation deficit on buildings of HK$600,000 has been charged to profit or loss.

Had the buildings been carried at historical cost less accumulated depreciation, their carrying values at 31 December 2009 would have been approximately HK$25,800,000.

At 31 December 2009, bank borrowings are secured on buildings with a carrying value of HK$25,200,000 (2008: Nil).

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The analysis of the cost or valuation at 31 December 2009 of the above assets is as follows:

	Buildings HK$'000	**Leasehold improvements HK$'000**	**Furniture and fixtures HK$'000**	**Computer and equipment HK$'000**	**Motor vehicles HK$'000**	**Total HK$'000**
At cost	**—**	**76,902**	**27,994**	**28,775**	**604**	**134,275**
At valuation	**25,200**	**—**	**—**	**—**	**—**	**25,200**
At 31 December 2009	**25,200**	**76,902**	**27,994**	**28,775**	**604**	**159,475**

The analysis of the cost or valuation at 31 December 2008 of the above assets is as follows:

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost	—	56,736	15,110	35,709	609	108,164
At valuation	—	—	—	—	—	—
At 31 December 2008	—	56,736	15,110	35,709	609	108,164

16. PREPAID LEASE PAYMENTS

The Group's interests in leasehold land represent prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	2009 HK$'000	2008 HK$'000
Opening net carrying amount	**—**	—
Acquisition of a subsidiary (note 37(a))	**15,756**	—
Amortisation	**(207)**	—
Carrying net carrying amount	**15,549**	—

The analysis of the net carrying amounts of leasehold land according to lease periods are as follows:

	2009 HK$'000	2008 HK$'000
In Hong Kong held on:		
Lease of between 10 to 50 years	**15,549**	—
Analysed for reporting purposes as:		
Current assets (included in prepayments, deposits and other receivables)	**415**	—
Non-current assets	**15,134**	—
	15,549	—

Bank borrowings are secured on prepaid lease payments for the carrying amount of HK$15,549,000 (2008: Nil).

17. INVESTMENT PROPERTIES

Changes to the carrying amounts presented in the statement of financial position can be summarised as follows:-

	2009 HK$'000	2008 HK$'000
Carrying amount at 1 January	**—**	5,000
Additions	**63,271**	—
Change in fair value of investment properties	**24,290**	823
Disposal	**—**	(5,823)
Carrying amount at 31 December	**87,561**	—

The fair value of the Group's investment properties at 31 December 2009 was arrived at on the basis of a valuation carried out at that date by B.I. Appraisals Limited, independent qualified professional valuer not connected with the Group. B.I. Appraisals 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, was arrived at by reference to market evidence of transaction prices for similar properties. Change in fair value of investment properties was recognized in profit or loss for the year.

All of the Group's property interests held under operating leases to earn rental income or for capital appreciation purpose are measured using the fair value model and is classified and accounted for as investment properties.

The Group's interests in investment properties at their carrying amount are analysed as follows:

	2009 HK$'000	2008 HK$'000
Outside Hong Kong		
— held on leases from 10 to 50 years	**43,953**	—
— held on leases of over 50 years	**43,608**	—
	87,561	—

At 31 December 2009, bank borrowings are secured on investment properties with a carrying value of HK$87,561,000 (2008: Nil).

18. GOODWILL

The main changes in the carrying amounts of goodwill result from the acquisition of minority interests as well as the impairment of previously recognised goodwill. The net carrying amount of goodwill can be analysed as follows:

	2009 HK$'000	2008 HK$'000
At 1 January		
Gross carrying amount	**4,933**	4,933
Accumulated impairment	**—**	—
Net carrying amount	**4,933**	4,933
Net carrying amount at 1 January	**4,933**	4,933
Acquisition of minority interests	**447**	—
Impairment losses	**(2,719)**	—
Net carrying amount at 31 December	**2,661**	4,933
At 31 December		
Gross carrying amount	**5,380**	4,933
Accumulated impairment	**(2,719)**	—
Net carrying amount at 31 December	**2,661**	4,933

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

19. OTHER INTANGIBLE ASSETS

	Trading rights HK$'000 (note a)	Club membership HK$'000 (note b)	Trademark HK$'000 (note c)	Total HK$'000
Cost and carrying amount				
At 1 January 2008	9,092	3,300	—	12,392
Disposal	—	(1,330)	—	(1,330)
At 31 December 2008 and 1 January 2009	9,092	1,970	—	11,062
Addition	300	—	—	300
Disposal	—	(1,310)	—	(1,310)
Acquisition of subsidiaries (note 37(a))	—	—	311,007	311,007
At 31 December 2009	9,392	660	311,007	321,059

Notes:

a. At 31 December 2009, intangible assets amounting to HK$9,092,000 (2008: 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 Limited. Intangible assets amounting to HK$300,000 (2008: Nil) represent trading right that confer the eligibility of the Group to trade on the Hong Kong Mercantile Exchange Limited. Particulars regarding impairment testing on the trading rights are disclosed in note 20.

b. At 31 December 2009, intangible assets amounting to HK$660,000 (2008: HK$1,970,000) 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 2009, management of the Group determines that there was no impairment of the club memberships since the recoverable amount of the club memberships exceeds its carrying amount.

c. At 31 December 2009, intangible assets of trademarks amounting to HK$311,007,000 (2008: Nil) represent the perpetual right for the use of the brand name 'Pricerite' which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. These trademarks are considered by management of the Group as having an indefinite useful life. Particular regarding impairment testing on trademarks are disclosed in note 20.

20. IMPAIRMENT TESTINGS ON GOODWILL AND OTHER INTANGIBLE ASSETS

For the purposes of impairment testing, goodwill, trading rights and trademarks set out in notes 18 and 19 have been allocated to the following cash generating units (CGUs) respectively. The carrying amounts of goodwill, trading rights and trademarks as at 31 December 2009 allocated to these units are as follows:

	Goodwill		Trading rights		Trademarks	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial service — Broking of securities	**—**	—	**9,392**	9,092	**—**	—
Financial service — Broking of mutual funds and insurance-linked investment products	**—**	2,272	**—**	—	**—**	—
Financial service — Corporate finance	**2,661**	2,661	**—**	—	**—**	—
Retailing business	**—**	—	**—**	—	**311,007**	—
	2,661	4,933	**9,392**	9,092	**311,007**	—

Management of the Group consider cashflow projections which were prepared based on financial budgets covering respective period of goodwill, trading rights and trademarks to determine whether there was any impairment of its CGUs containing goodwill, trading rights and trademarks as at 31 December 2009.

The impairment of goodwill of HK$2,719,000 (2008: Nil) was recognised in the profit or loss and attributable to the CGUs of broking of mutual funds and insurance-linked investment products. The main factor contributing to the impairment of the CGUs was due to the under-performance of the business of broking of mutual funds and insurance-linked investment products.

The recoverable amounts of the CGUs of broking of mutual funds and insurance-linked investment products 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 one-year period, and discount rate of 8% (2008: one-year period, and discount rate of 8%). The cash flows beyond the one-year period are extrapolated for two years using a zero growth rate. The zero growth rate is determined based on management's expectations for the market development and is not expected to exceed the average long-term growth rate for the relevant industry.

The recoverable amounts of the CGUs of broking of securities 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 one-year period, and discount rate of 8% (2008: one-year period, and discount rate of 8%). The cash flows beyond the one-year period are extrapolated for two years using a zero growth rate. The zero growth rate is determined based on management's expectations for the market development and is not expected to exceed the average long-term growth rate for the relevant industry. 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.

The recoverable amounts of the CGUs of retailing business have been determined based on fair value less costs to sell. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period having an average 19% growth rate and discount rate of 16%. The growth rate is based on the relevant industry growth forecasts and average long-term growth rate for the relevant industry in Hong Kong and the PRC. A key assumption for the fair value less costs to sell calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong and the PRC. No impairment on trademarks was noted. Management believes that any reasonably possible change in any of the assumptions would not cause the aggregate carrying amount of the above CGUs to exceed the aggregate recoverable amount of the above CGUs.

21. OTHER ASSETS

	2009 HK$'000	2008 HK$'000
Statutory and other deposits (note a)	**11,040**	9,447
Deposits paid to residential property developers (note b)	**—**	63,271
Deposits paid for acquisition of fellow subsidiaries (note c)	**—**	60,000
	11,040	132,718

Notes:

(a) Statutory and other deposits represent deposits with various exchanges and clearing houses.

(b) As at 31 December 2008, deposits paid to residential property developers represent deposits for purchase of residential properties in Shanghai.

(c) On 19 December 2008, the Group entered into a sale and purchase agreement with CASH Group Limited ("CGL") (a wholly-owned subsidiary of CASH) to acquire 60% of the equity interests in CASH Retail Management (HK) Limited and its subsidiaries (collectively known as "Retail Group") and the loan due from the Retail Group to CGL, if any, at an aggregate consideration of approximately HK$184 million (subject to adjustment) and the Group will be granted a purchaser call option to acquire the remaining 40% of the equity interests in the Retail 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. As at 31 December 2008, the Group had paid part of the consideration of HK$60 million to CGL as non-interest bearing deposit for the acquisition of 60% equity interests in the Retail Group. The transactions were approved by the independent shareholders of the Company at a special general meeting held on 11 June 2009. The total final consideration for acquisition of 100% of equity interest of the Retail Group was fixed at HK$310,340,000. The acquisition of 60% equity interest in the Retail Group was completed on 6 July 2009 and the consideration has been settled as to HK$60 million by cash deposit and the remaining balance by issue of a convertible note by the Company in the principal amount of HK$126,204,000 to CGL. On 12 October 2009, CGL has served a request notice to request the Group to exercise the purchaser call option to acquire from CGL the remaining 40% of the equity interest in the Retail Group at the consideration of HK$124,136,000. The convertible note in principal amount of HK$124,136,000 was issued by the Group to CGL as the consideration. The two convertible notes had been fully redeemed during the year. Details of the acquisition were set out in the Company's announcement dated 19 December 2008 and the circular dated 26 May 2009.

(d) All the above deposits are non-interest bearing.

22. LOANS RECEIVABLE

	2009 HK$'000	2008 HK$'000
Loans receivable denominated in Hong Kong dollar	**24,210**	17,554
Less: Allowance for bad and doubtful debts	**(3,597)**	(3,733)
	20,613	13,821
Carrying amount analysed for reporting purposes:		
Current assets	**15,663**	13,629
Non-current assets	**4,950**	192
	20,613	13,821

Except for the loans receivable with the carrying amount of HK$3,368,000 (2008: HK$3,368,000) which was non-interest bearing, interest rates underlying the loans receivable are Hong Kong Prime Rate plus a spread for both years.

22. LOANS RECEIVABLE (continued)

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:

	2009 HK$'000	2008 HK$'000
Balance at the beginning of the year	**3,733**	5,717
Charge for the year	**—**	900
Amounts recovered during the year	**(136)**	(2,884)
Balance at the end of the year	**3,597**	3,733

At each of the reporting date, the Group's loans receivable were individually determined to be impaired. The Group encountered difficulties in collection of certain loans receivable and appropriate provision for impairment has been made against these loans receivable. The individually impaired receivables are recognised based on the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised. Included in the above provision for impairment is a provision for individually impaired short term loans receivable of HK$3,597,000 (2008: HK$3,733,000) with a gross carrying amount of HK$6,965,000 (2008: HK$7,554,000). The individually impaired short term loans receivable relate to customers that were in default or delinquency in repayments.

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans 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 impairment required in excess of the allowance for doubtful debts.

The loans receivable with a carrying amount of HK$17,245,000 (2008: HK$10,000,000) which are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable. These loans receivable that were neither individually nor collectively considered to be impaired relate to a number of borrowers for whom there was no recent history of default.

At 31 December 2009, loans receivable with an aggregate carrying value of approximately HK$3,368,000 are secured by pledged marketable securities at fair values of HK$4,888,000.

At 31 December 2008, loans receivable with an aggregate carrying value of approximately HK$13,821,000 are secured by pledged marketable securities at fair values of HK$3,357,000 and convertible instrument with nominal value of HK$13,000,000.

The variable-rate loans receivable have contractual maturity dates as follows:

	2009 HK$'000	2008 HK$'000
On demand or within one year	**15,663**	13,629
In more than one year but not more than two years	**4,950**	192
	20,613	13,821

The effective interest rates (which are equal to contractual interest rate) on the Group's loans receivable are Hong Kong Prime Rate plus a spread.

22. LOANS RECEIVABLE (continued)

Included in loans receivable are loans to directors. Loans to directors, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	Balance at 1 January 2009 HK$'000	Balance at 31 December 2009 HK$'000	Maximum amount outstanding during the year HK$'000	Securities held HK$'000
Directors of the Company				
Mr Chan Chi Ming Benson	—	900	956	N/A
Mr Law Ping Wah Bernard	—	900	956	N/A
Mr Cheng Man Pan Ben	—	900	956	N/A
Mr Yuen Pak Lau Raymond	—	900	956	N/A
Directors of CASH				
Mr Lin Che Chu George (note)	—	945	945	N/A
Mr Ng Kung Chit Raymond	—	450	478	N/A
	—	4,995		

The loans granted to directors bear interest at the Hong Kong dollar prime rate plus 3% per annum and are repayable within twenty-four months.

Note: During the year, Mr Lin Che Chu George resigned as a director of CASH.

23. INTERESTS IN ASSOCIATES AND LOAN TO AN ASSOCIATE

	2009 HK$'000	2008 HK$'000
Cost of investments in associates		
Unlisted shares	67,833	67,833
Share of post-acquisition reserve	8,125	8,125
Share of post-acquisition profits	40,973	35,726
	116,931	111,684
Loan to an associate (note)	10,296	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 an associate is unsecured, non-interest bearing and has no fixed repayment terms. The directors of the Company will not demand repayment of such loan in next twelve months.

23. INTERESTS IN ASSOCIATES AND LOAN TO AN ASSOCIATE (continued)

As at 31 December 2009 and 2008, the Group had interests 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 %	Proportion of nominal value of issued capital held by the Group 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) Holdings 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

All associates have a reporting date of 31 December.

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

	2009 HK$'000	2008 HK$'000
Total assets	**712,129**	704,248
Total liabilities	**(361,336)**	(369,197)
Net assets	**350,793**	335,051
Group's share of net assets of associates	**116,931**	111,684
Revenue	**44,616**	22,231
Profit for the year	**15,742**	117,288
Group's share of profit of associates for the year	**5,247**	39,096

24. INVENTORIES

	2009 HK$'000	2008 HK$'000
Finished goods held for sale	**43,454**	—

25. OTHER FINANCIAL ASSETS AND LIABILITIES

Amounts receivable on disposal of subsidiaries

On 9 January 2007, the Group entered into a sale and purchase agreement to dispose of Netfield Technology Limited and its subsidiaries (collectively known as "Netfield Group").

As at 31 December 2008, the amount represented partial consideration receivable from the purchaser with respect to the disposal of Netfield Group and the amount due from the Netfield Group on 31 May 2007, and related interest receivables.

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 was repayable on 1 June 2009. The principal amount of HK$162,703,000 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.

The amount was fully settled during the year.

Amounts due from/(to) an associate and fellow subsidiaries

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

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

	2009 HK$'000	2008 HK$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	**27,842**	72,199
Cash clients	**68,060**	36,425
Margin clients	**272,209**	97,185
Accounts receivable arising from the business of dealing in futures and options:		
Clients	**180**	65
Clearing houses, brokers and dealers	**134,570**	94,719
Commission receivable from brokerage of mutual funds and insurance-linked investment products	**1,794**	2,349
Accounts receivable arising from the business of provision of corporate finance services	**650**	1,100
	505,305	304,042

The settlement terms of accounts receivable arising from the business of dealing in securities 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. Trade receivables to margin and cash clients arising from the business of dealing in securities are repayable on demand subsequent to settlement date. 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 broking business.

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

	2009 HK$'000	2008 HK$'000
0–30 days	**1,362**	2,034
31–60 days	**353**	458
61–90 days	**141**	323
Over 90 days	**588**	634
	2,444	3,449

Loans to margin clients are secured by clients' pledged securities at fair values of HK$990,538,000 (2008: HK$442,488,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group is able to use client's pledged securities up to the amount of 140% of the loans to margin clients as collateral of the Group's borrowing (with client's consent). 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$7,524,000 (2008: HK$7,524,000).

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 creditworthiness, collaterals and the past collection history of each client.

26. ACCOUNTS RECEIVABLE (continued)

Movement in the allowance for bad and doubtful debts:

	2009 HK$'000	2008 HK$'000
Balance at the beginning of the year	**7,524**	9,330
Amounts written off during the year	**—**	(1,214)
Amounts recovered during the year	**—**	(592)
Balance at the end of the year	**7,524**	7,524

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 accounts receivable 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 impairment 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$10,869,000 (2008: HK$8,332,000) 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. The Group believes that the amounts are still considered recoverable given the substantial subsequent settlement after the reporting date.

In respect of accounts receivable which are past due but not impaired at the respective reporting date, the aged analysis (from due date) is as follows:

	2009 HK$'000	2008 HK$'000
0–30 days	**8,041**	6,549
31–60 days	**2,240**	826
61–90 days	**41**	323
Over 90 days	**547**	634
	10,869	8,332

The accounts receivable with a carrying amount of HK$494,436,000 (2008: HK$295,710,000) are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable.

26. ACCOUNTS RECEIVABLE (continued)

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:

	Balance at 1 January HK$'000	Balance at 31 December HK$'000	Maximum amount outstanding during the year HK$'000	Market value of pledged securities at 31 December HK$'000
Directors of both the Company and CASH				
Mr Wong Kin Yick Kenneth (note 2) and associates (note 1)				
2008	1,678	222	16,031	1,096
2009	N/A	N/A	N/A	N/A
Mr Law Ping Wah Bernard and associates				
2008	—	—	15,401	6,049
2009	—	—	25,068	13,737
Directors of the Company				
Mr Chan Chi Ming Benson and associates				
2008	—	—	—	—
2009	—	—	—	6,700
Mr Cheng Man Pan Ben and associates				
2008	—	29	16,412	433
2009	29	61	21,785	4,137
Mr Yuen Pak Lau Raymond and associates				
2008	—	—	996	748
2009	—	—	—	4,297
Director of CASH				
Mr Lin Che Chu George and associates (note 3)				
2008	—	—	—	6,372
2009	—	—	—	—
Subsidiaries of CASH				
Kawoo Finance Limited (note 4)				
2008	—	—	29,900	2,566
2009	N/A	N/A	N/A	N/A
Libra Capital Management (HK) Limited				
2008	—	—	29,182	—
2009	—	—	29,610	8,018
Substantial shareholders of CASH				
Cash Guardian Limited				
2008	—	—	—	8,895
2009	—	—	—	1,902
Mr Kwan Pak Hoo Bankee and associates				
2008	—	—	1,792	1,363
2009	—	—	27,389	3,475
Substantial shareholder of the Company				
Abdulrahman Saad Al-Rashid & Sons Company Limited ("ARTAR") and associates				
2008	—	—	—	5,387
2009	—	—	—	45,872

26. ACCOUNTS RECEIVABLE (continued)

Notes:

(1) Associates are defined in accordance with the Listing Rules.

(2) During the year ended 31 December 2008, Mr Wong Kin Yick Kenneth resigned as directors of both the Company and CASH.

(3) During the year ended 31 December 2009, Mr Lin Che Chu George resigned as a director of CASH.

(4) On 31 July 2008, Kawoo Finance Limited was acquired by the Group and became a wholly-owned subsidiary of the Company.

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

	2009 **HK$'000**	2008 HK$'000
Equity securities listed in Hong Kong	**28,715**	78,419
Unlisted securities, at fair value	**8,499**	—
Investment funds	**—**	736
	37,214	79,155

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

In opinion of the directors, the carrying amount of unlisted securities is approximate to the fair value.

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

28. BANK DEPOSITS SUBJECT TO CONDITIONS

	2009 **HK$'000**	2008 HK$'000
Other bank deposits (note (a))	**17,143**	17,142
Pledged bank deposits (notes (b), (c) and (d))	**70,596**	18,038
	87,739	35,180

The bank deposits subject to conditions carry average floating interest rate at prevailing market rate per annum. The effective interest rates on the Group's bank deposits subject to 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 undertakes to maintain deposits of not less than HK$15,000,000 (2008: 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$60,898,000 (2008: HK$10,744,000) were pledged to secure the general banking facilities granted by a bank.

(c) The Group's bank deposits of HK$600,000 (2008: Nil) were pledged to facilitate a bank guarantee in favour of a third party for granting advance commission to the Group for the business of brokerage of mutual funds and insurance-linked investment products.

28. BANK DEPOSITS SUBJECT TO CONDITIONS (continued)

Notes: (continued)

(d) The Group's bank deposits of HK$9,098,000 (2008: HK$7,071,000) were pledged to secure a standby letter of credit facility granted by a bank. The bank deposits will be released on clearance of the facility.

(e) For the year ended 31 December 2008, the Group's bank deposits of HK$223,000 were pledged to facilitate a bank guarantee for rental deposit. The bank deposits will be released when the bank guarantee is expired.

29. ACCOUNTS PAYABLE

	2009 HK$'000	2008 HK$'000
Accounts payable arsing from the business of dealing in securities:		
Clearing houses	**30,076**	—
Cash clients	**548,749**	400,345
Margin clients	**212,654**	120,928
Accounts payable to clients arising from the business of dealing in futures and options	**228,823**	167,545
Accounts payables to clients arising from the business of dealing in leveraged foreign exchange contracts	**863**	357
Trade creditors arising from retailing business	**136,790**	—
	1,157,955	689,175

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date. Trade payables to the margin and cash clients arising from the business of dealing in securities are repayable on demand subsequent to settlement date. 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 excess 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$765,112,000 (2008: HK$542,079,000) 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.

Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing costs. The average credit period taken for trade purchase is 30 to 90 days.

The following is an aged analysis of trade creditors arising from retailing business at reporting date:

	2009 HK$'000	2008 HK$'000
0–30 days	**70,548**	—
31–60 days	**38,562**	—
61–90 days	**10,983**	—
Over 90 days	**16,697**	—
	136,790	—

30. OBLIGATIONS UNDER FINANCE LEASES

The analysis of the obligations under finance leases is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases				
Due within one year	**150**	150	**135**	127
Due in the second to fifth years	**188**	338	**180**	315
	338	488	**315**	442
Less: Future finance charges	**(23)**	(46)	**—**	—
Present value of lease obligations	**315**	442	**315**	442
Less: Portion due within one year shared under current liabilities			**(135)**	(127)
Portion due after one year under non-current liabilities			**180**	315

The Group has entered into finance leases for a motor vehicle with a lease terms of four years. Interest rate under the leases is fixed at 6% (2008: 6%) per annum. These leases do not have options to renew or any contingent rental provisions.

Obligations under finance lease are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

31. BANK BORROWINGS

	2009	2008
	HK$'000	HK$'000
Bank overdrafts, secured	**71,480**	15,023
Bank loans, secured	**253,355**	217,063
Trust receipt loans	**97,575**	—
	422,410	232,086

The Group's bank loans and overdrafts were repayable as follows:

	2009	2008
	HK$'000	HK$'000
Within one year or on demand	**367,033**	195,253
In the second year	**12,326**	1,278
In the second to fifth years	**13,129**	4,136
After the fifth year	**29,922**	31,419
	422,410	232,086
Less: Amount due within one year shown under current liabilities	**(367,033)**	(195,253)
Amount due after one year under non-current liabilities	**55,377**	36,833

31. BANK BORROWINGS (continued)

The Group's bank borrowings of HK$422,410,000 (2008: HK$232,086,000) were secured by:

(a) corporate guarantees from the Company for both years;

(b) corporate guarantees from CASH and certain subsidiaries of the Company (2008: Nil);

(c) marketable securities of the Group's clients of carrying value of HK$314,843,000 (2008: HK$175,432,000) (with client's consent);

(d) buildings and prepaid lease payments as disclosed in notes 15 and 16;

(e) pledged deposit of HK$60,898,000 (2008: HK$10,744,000);

(f) investment properties of the Group (note 17) with carrying amount of approximately HK$87,561,000 (2008: Nil);

(g) guarantees from the Government of the Hong Kong Special Administrative Region, under the Special Loan Guarantee Scheme (2008: Nil); and

(h) a charge over the properties to be delivered by the residential property developers for the year ended 31 December 2008.

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 (2008: 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$71,480,000 (2008: HK$15,023,000) carried interest at HIBOR plus a spread. Bank borrowings amounting to HK$253,355,000 (2008: HK$217,063,000) were at variable-rate borrowings which carry interest at HIBOR plus a spread or Hong Kong Prime Rate. Trust receipt loans amounting to HK$97,575,000 (2008: Nil) carry interest at Hong Kong Prime Rate plus a spread.

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

32. CONVERTIBLE NOTES

The carrying values of the liability component, derivative component and equity component of the convertible notes are as follow:

Liability component

	Convertible Note A (notes a, c) HK$'000	Convertible Note B (notes b, c) HK$'000	Total HK$'000
Net carrying amounts at 31 December 2008 and 1 January 2009	—	—	—
Net carrying amounts on initial recognition	103,939	102,236	206,175
Imputed interest expenses	408	409	817
Interest on convertible notes paid	(749)	—	(749)
Loss on redemption of convertible notes	2,321	1,588	3,909
Redemption of convertible notes	(105,919)	(104,233)	(210,152)
Net carrying amounts at 31 December 2009	—	—	—

32. CONVERTIBLE NOTES (continued)

Derivative component

	Convertible Note A (notes a, c) HK$'000	Convertible Note B (notes b, c) HK$'000	Total HK$'000
Net carrying amounts at 31 December 2008 and 1 January 2009	-	-	-
Net carrying amounts on initial recognition	(10,498)	(10,405)	(20,903)
Redemption of convertible notes	10,498	10,405	20,903
Net carrying amounts at 31December 2009	—	—	—

Equity component

	Convertible Note A (notes a, c) HK$'000	Convertible Note B (notes b, c) HK$'000	Total HK$'000
Net carrying amounts at 31 December 2008 and 1 January 2009	—	—	—
Net carrying amounts on initial recognition	13,540	12,781	26,321
Redemption of convertible notes	(13,540)	(12,781)	(26,321)
Net carrying amounts at 31December 2009	—	—	—

Notes:

(a) As part of the consideration for the acquisition of (i) 60% of the equity interests and the entire shareholder's loan interest and (ii) purchaser call option for remaining 40% of the equity interests in Retail Group (note 37(a)), the Company issued HK$126,204,000 3-years 2% convertible note ("Convertible Note A") with fair value of approximately HK$106,981,000 to CGL ("Noteholder") on 6 July 2009.

Imputed interest expenses of approximately HK$408,000 has been recognised in profit or loss for the year ended 31 December 2009 and is calculated using the effective interest method by applying the effective interest rate of 1.36% per annum to the liability component of the Convertible Note A.

(b) On 12 October 2009, the Company issued HK$124,136,000 3-years 2% convertible note ("Convertible Note B") with fair value of approximately of HK$104,612,000 to Noteholder as consideration for the acquisition of the remaining 40% of the equity interest in Retail Group (note 37(a)).

Imputed interest expenses of approximately HK$409,000 has been recognised in profit or loss for the year ended 31 December 2009 and is calculated using the effective interest method by applying the effective interest rate of 1.36% per annum to the liability component of the Convertible Note B.

(c) In respect of all convertible notes issued during the year, the Company has the right to request the Noteholder to convert, and the Noteholder has the right to convert, the whole or any part (in an amount or integral multiple of HK$1,000,000) of the outstanding principal amount of the convertible notes into the ordinary shares of the Company of HK$0.10 each for the period commencing on the expiry of 6 months from the date of issue and ending on the maturity date ("Conversion Period") at initial conversion price of HK$1.482 per share subject to adjustment. At the discretion of the Company only, the convertible notes would be redeemed in whole or in part of integral multiple of HK$1,000,000 of outstanding principal amount at any time during the Conversion Period by giving the Noteholder redemption request not less than 3 business days' notice.

32. CONVERTIBLE NOTES (continued)

During the year ended 31 December 2009, the Convertible Note A and Convertible Note B were fully redeemed by the Company at approximately HK$126,204,000 and HK$124,136,000 respectively. The loss on redemption which represented the difference between the redemption amount allocated to debt component and the total carrying amounts of liability and derivative components amounted to HK$24,812,000 has been recognised in the profit or loss.

Further details of the principal terms and conditions regarding the issue of convertible notes during the year ended 31 December 2009 have been set out in the circular of the Company dated 26 May 2009.

The convertible notes were valued as at the acquisition date of Retail Group by an independent professional valuer, Norton Appraisals Limited.

The fair value of the liability component was calculated using discount rate method. The fair values of the derivative component and the equity component were calculated using Binomial Model on the acquisition date of Retail Group and is included in shareholders' equity in convertible notes equity reserve.

33. SHARE CAPITAL

	Notes	**Number of shares** '000	**Amount** HK$'000
Authorised:			
Ordinary shares of HK$0.10 each at 31 December 2008 and 31 December 2009		3,000,000	300,000
Issued and fully paid:			
At 1 January 2008		2,076,972	207,697
Exercise of share options	(a)	1,203	120
Share consolidation	(b)	(1,662,378)	—
Ordinary shares of HK$0.50 each		415,797	207,817
Capital reduction	(b)	—	(166,238)
Ordinary shares of HK$0.10 each		415,797	41,579
Share repurchases	(c)	(4,392)	(439)
Ordinary shares of HK$0.10 each at 31 December 2008		411,405	41,140
Issue of shares due to Rights Issue	(d)	205,703	20,571
Ordinary shares of HK$0.10 each at 31 December 2009		617,108	61,711

Notes:

(a) Exercise of share options

The particulars of options exercised during the year ended 31 December 2008 are set out below:

Date of issue of share	**Number of options exercised and resulting number of shares in issue**	**Exercise price per share** HK$	**Total consideration (before expenses)** HK$
2008			
24 April 2008	1,000,000	0.262	262,000
15 July 2008	203,000	1.310	265,930
	1,203,000		527,930

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

33. SHARE CAPITAL (continued)

Notes: (continued)

(b) Share consolidation and capital reduction

Pursuant to a special resolution passed by the shareholders at the annual general meeting of the Company held on 30 April 2008, the company, with effect from 2 May 2008:

(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 Consolidated Share in issue ("Capital Reduction"); and

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

(c) Repurchase of shares

During the year ended 31 December 2008, the Company repurchased a total of 4,392,000 shares of HK$0.10 each in its own issued share capital on the Stock Exchange for an aggregate consideration of HK$10,904,000 (before expenses). Accordingly, such shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares.

(d) Rights Issue

On 17 April 2009, 205,702,702 shares of HK$0.10 each were issued by way of Rights Issue at a subscription price of HK$0.45 per share. The gross proceeds of approximately HK$92.6 million were used as additional working capital to strengthen the Company's financial position. These shares rank pari passu in all respects with other shares in issue.

34. DERIVATIVE FINANCIAL LIABILITIES

For the year ended 31 December 2008, the Group acquired a number of equity-linked derivative contracts (trading as accumulators) through the acquisition of the subsidiaries (see note 37(b)). Under the equity-linked derivative contracts, the Group receives predetermined equity securities at stipulated strike prices on a weekly basis. When the market price of equity securities moves favorable to the Group (i.e. market price above strike price), the Group gets to buy the agreed amount of equity securities at the strike price. However, when the market price moves unfavorable to the Group (i.e. dropped below the strike price), the Group gets to buy 2 times the pre-determined equity securities at strike price. When the market price is above the knock out price, the derivative contract would be terminated (i.e. the profit is capped at the knock out price).

The fair value of derivative financial instruments is determined based on valuation techniques that incorporate market observable data. Such equity-linked derivative contracts are not accounted for using hedge accounting mechanism. They are measured at fair value at each reporting date with any gains or losses arising from changes in fair value being recognised in the profit or loss immediately. As at 31 December 2008, there were 5 outstanding equity linked derivative contracts with fair value of HK$3,067,000. All the 5 equity-linked derivative contracts were expired during the year and resulted in a gain of HK$3,067,000, calculated with reference to the equity securities taken up and the difference between the strike price and market price as at the date of taking up.

35. EQUITY LINKED STRUCTURED DEPOSITS

For the year ended 31 December 2008, the Group through the acquisition of the subsidiaries (see note 37(b)), acquired a number of equity-linked structured deposits with contract term of one year from inception date. It is a hybrid instrument which comprises a debt instrument with coupon payments and a put option with the underlying basket of equity securities. The coupon payments were determined based on the market price of the underlying basket of equity securities during the relevant period. According to the terms of the instruments, at maturity, if the market price of the underlying basket of equity securities is above a pre-determined level, the Group would receive par value of the bond and coupon interest. If the market price of the underlying basket of equity securities is below a pre-determined level, the Group would receive the underlying basket of equity securities at the strike price as set out in the instrument. All these equity-linked structured deposits were early redeemed by the Group last year and there were no outstanding equity-linked structured deposits as at 31 December 2009 and 2008.

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

(a) The purchase consideration of investment properties was settled by deposits of HK$63,271,000 paid to residential property developers. (note 21(b)).

(b) As detailed on note 21(c), the purchase consideration of 60% of the equity interest in the Retail Group was satisfied by the issue of convertible note with fair value of HK$106,981,000 and the deposit of HK$60,000,000.

(c) As detailed on note 21(c), the purchase consideration of remaining 40% of the equity interest in the Retail Group was satisfied by the issue of convertible note with fair value of HK$104,612,000.

37. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of the Retail Group

On 6 July 2009, the Group acquired 60% of the equity interests in the Retail Group from CGL. The Group was also granted a purchaser call option to acquire the remaining 40% of the equity interest in the Retail Group (see note 21(c)). The minority shareholder was granted a put option to sell the remaining 40% of the equity interests in the Retail Group to the Group on the same terms.

The Group determined that it obtained the risks and rewards of ownership of the underlying minority interest shares on 6 July 2009 based on the stated terms of the combined put and call options. Accordingly, the acquisition of the Retail Group was treated as a 100% acquisition on 6 July 2009. No minority interest was recognised and 100% of the net assets and results of the Retail Group were allocated to the Group from 6 July 2009. The fair value of the put option obligation was recognised as part of the consideration for the acquisition of the Retail Group at 6 July 2009. The option was subsequently exercised on 12 October 2009 and the Group issued a convertible note with a principal amount of HK$124,136,000 in settlement (note 32(b)).

Since it acquisition, the Retail Group contributed revenue of HK$456,502,000 and net profit of HK$1,691,000 to the Group for the period from 6 July 2009 to 31 December 2009.

If the acquisition had occurred on 1 January 2009, the Group's revenue would have been HK$1,095,000,000 approximately and loss for the year would have been HK$17,389,000 approximately for the year ended 31 December 2009. This 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 2009, nor as is it intended to be a projection of future results.

37. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of the Retail Group (continued)

Details of the net assets acquired are as follows:

	HK$'000
Purchase consideration:	
— Deposit paid (note 21(c))	60,000
— Fair value of Convertible Note A issued (note 32)	106,981
— Fair value of Convertible Note B issued (note 32)	104,612
— Direct costs relating to the acquisition	329
Total purchase consideration	271,922
Fair value of net assets acquired	(297,355)
Excess of interest in the net fair value of the identifiable assets of subsidiaries over cost of acquisition	25,433

The excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition was attributable to the fact that the seller was willing to accept less than business's fair value as consideration.

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$'000	**Carrying amount** HK$'000
Trademark (note 19)	311,007	—
Property, plant and equipment (note 15)	40,292	40,292
Prepaid lease payments	15,341	15,341
Deferred tax assets (note 13)	2,000	2,000
Inventories	33,365	33,365
Prepayments, deposits and other receivables	32,881	32,881
Amount due form fellow subsidiaries	559	559
Bank deposits subject to conditions	49,074	49,074
Bank balances (general accounts) and cash	81,514	81,514
Accounts payable	(114,179)	(114,179)
Accrued liabilities and other payables	(3,997)	(3,997)
Taxation payable	(329)	(329)
Bank borrowings	(98,857)	(98,857)
Deferred tax liabilities (note 13)	(51,316)	—
Net assets attributed to the Group acquired	297,355	37,664

	HK$'000
Net cash inflow arising on acquisition:	
Bank balances acquired	130,588
Direct costs relating to the acquisition paid	(329)
Net cash inflow arising on acquisition	130,259

37. ACQUISITION OF SUBSIDIARIES (continued)

(b) Subsidiaries of CASH

On 31 July 2008, through the acquisitions of the entire equity interests of two subsidiaries of CASH, Kawoo Finance Limited and Think Right Investments Limited, the Group had, in substance, acquired the following assets and related liabilities, at a total consideration of approximately HK$8,000.

	HK$'000
Furniture and fixtures (note 15)	233
Amounts due from fellow subsidiaries	334
Equity-linked structured deposits (note 35)	58,412
Deposits paid to residential property developers (note 21)	63,271
Bank balance	647
Bank overdraft	(744)
Deposits with brokers	(1,556)
Derivative financial liabilities (note 34)	(20,060)
Secured bank loans	(64,676)
Loan payable	(35,853)
Net assets acquired	8
Cash consideration	8
Net cash outflow arising on acquisition:	
Cash consideration	(8)
Bank balance acquired	647
Bank overdraft acquired	(744)
Net cash outflow arising on acquisition	(105)

Note: The fair value of the net assets acquired approximately its carrying amount at the date of acquisition.

38. SHARE OPTION SCHEMES

(a) New Option Scheme

The Company's share option scheme ("New Option Scheme") was adopted pursuant to an ordinary resolution passed at the special general meeting of the Company held on 22 February 2008, which took effect on 3 March 2008. The New Option Scheme replaces the Option Scheme (to be defined in note 38(b) below) with effect from 3 March 2008.

The major terms of the New 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 associates, including the Group ("CASH Group"); or

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

38. SHARE OPTION SCHEMES (continued)

(a) New Option Scheme (continued)

(ii) The participants included any employees (whether full time or part time), executives and officers (including executive and non-executive directors) and business consultants, agents and legal and financial advisers of the CASH Group.

(iii) The maximum number of shares in respect of which options might be granted under the New Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 61,710,810 shares, representing 10% of the issued share capital of the Company as at the date of this annual report. 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 New 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 New Option Scheme or any other share option scheme within any 12-months 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 New Option Scheme is effective for 10 years from the date of adoption until 21 February 2018.

38. SHARE OPTION SCHEMES (continued)

(b) Option Scheme

Prior to 3 March 2008, 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 Option Scheme was replaced by the New Option Scheme with effect from 3 March 2008. 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 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-months 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.

38. SHARE OPTION SCHEMES (continued)

(b) Option Scheme (continued)

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Share options and weighted average exercise price are as follows for the reporting periods presented:

	2009		2008	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at 1 January	**113,000**	**1.310**	5,424,341	0.262
Adjusted upon Share Consolidation	**N/A**	**N/A**	(2,274,241)	N/A
Adjusted upon Rights Issue	**11,000**	**N/A**	N/A	N/A
Granted	**59,000,000**	**0.729**	N/A	N/A
Exercised	**—**	**—**	(1,203,000)	0.439
Cancelled	**(5,000,000)**	**0.720**	—	—
Lapsed	**(5,000,000)**	**0.734**	(1,834,100)	0.406
Outstanding at 31 December	**49,124,000**	**0.731**	113,000	1.310
Exercisable at 31 December	**27,624,000**	**0.728**	143	1.310

For the year ended 31 December 2008, the weighted average share price for share options exercised during the year at the date of exercise was HK$0.972.

The exercisable periods of share options of the Company are as follows:

	2009		2008	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Exercisable period:				
7 July 2008 to 31 July 2010	**157**	**1.180**	143	1.310
7 July 2009 to 31 July 2010	**123,843**	**1.180**	112,857	1.310
22 June 2009 to 30 June 2013	**15,000,000**	**0.720**	—	—
15 December 2009 to 30 June 2013	**12,500,000**	**0.734**	—	—
15 June 2010 to 30 June 2013	**15,200,000**	**0.734**	—	—
15 June 2011 to 30 June 2013	**2,700,000**	**0.734**	—	—
15 June 2012 to 30 June 2013	**3,600,000**	**0.734**	—	—

The weighted average remaining contractual life of share options outstanding as at 31 December 2009 is 3.49 years (2008: 1.58 years).

The fair values of share options granted during the year ended 31 December 2009 were determined using the Black-Scholes pricing model ("B-Model").

38. SHARE OPTION SCHEMES (continued)

(b) Option Scheme (continued)

The following table lists the inputs to the B-Model used for calculating the fair value of the options granted during the year ended 31 December 2009:

Date of grant	15 June 2009	22 June 2009
Share price on date of grant	HK$0.700	HK$0.690
Exercise price	HK$0.734	HK$0.720
Expected volatility (note a)	59.30%	59.30%
Expected life of option (note b)	3 years	3 years
Risk-free rate (Note c)	1.43%	1.43%
Expected dividend yield	Nil	Nil

Notes:

(a) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past 1 year immediately before the date of grant.

(b) Expected life of option: being the effective life of options estimated from the expected exercising time frame.

(c) Risk-free rate: being the approximate yields to maturity of Hong Kong Exchange Fund Note.

In total, HK$7,566,000 of share-based compensation expenses has been recognised in profit or loss for 2009 (2008: Nil). The corresponding amount of HK$7,566,000 has been credited to share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

39. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

	Notes	2009 HK$'000	2008 HK$'000
Commission and interest income received from the following wholly-owned subsidiaries of CASH			
Kawoo Finance Limited	(a)	**N/A**	1,607
Libra Capital Management (HK) Limited	(b)	**780**	29
		780	1,636
Commission and interest income received from the following substantial shareholders of CASH	(c)		
Cash Guardian Limited		**125**	3
Mr Kwan Pak Hoo Bankee and associates		**53**	67
		178	70
Commission and interest income received from a substantial shareholder	(d)	**13**	86
Commission and interest income received from the following directors of the Company	(e)		
Mr Chan Chi Ming Benson and associates		**—**	—
Mr Law Ping Wah Bernard and associates		**105**	36
Mr Cheng Man Pan Ben and associates		**63**	33
Mr Yuen Pak Lau Raymond and associates		**18**	13
Mr Wong Kin Yick Kenneth and associates	(f)	**N/A**	104
		186	186
Commission and interest income received from a director of CASH	(g)		
Mr Lin Che Chu George and associates		**9**	8
Interest income received from CASH for amounts receivable on disposal of subsidiaries	(h)	**2,387**	8,795
Proceeds received from CASH on disposal of membership	(i)	**—**	500
Deposit paid to CASH for the acquisition of fellow subsidiaries	(j)	**—**	60,000
Rental expense paid to an associate	(k)	**5,687**	4,749
Rental and building management expense paid to fellow subsidiaries	(l)	**1,866**	—
Corporate guarantee provided by CASH	(m)	**137,640**	—
Interest on convertible notes paid to CASH	(n)	**749**	—
Loan interest income received from directors of the Company	(o)		
Mr Chan Chi Ming Benson		**56**	—
Mr Law Ping Wah Bernard		**56**	—
Mr Cheng Man Pan Ben		**56**	—
Mr Yuen Pak Lau Raymond		**56**	—
		224	—
Loan interest income received from directors of CASH	(p)		
Mr Lin Che Chu George		**45**	—
Mr Ng Kung Chit Raymond		**28**	—
		73	—

39. RELATED PARTY TRANSACTIONS (continued)

Notes:

(a) During the year ended 31 December 2008, the Group received commission and interest from margin financing of approximately HK$1,607,000 from Kawoo Finance Limited before the acquisition of it on 31 July 2008. Details are disclosed in note 37(b).

(b) During the year ended 31 December 2009, the Group received commission and interest from margin financing of approximately HK$780,000 (2008: HK$29,000) from Libra Capital Management (HK) Limited, a wholly-owned subsidiary of CASH.

(c) During the year ended 31 December 2009, the Group received commission and interest income from margin financing of approximately HK$178,000 (2008: HK$70,000) from substantial shareholders of CASH.

(d) During the year ended 31 December 2009, the Group received commission and interest from margin financing of approximately HK$13,000 (2008: HK$86,000) from a substantial shareholder of the Company.

(e) During the year ended 31 December 2009, the Group received commission and interest from margin financing of approximately HK$186,000 (2008: HK$186,000) from certain directors of the Company.

(f) During the year ended 31 December 2008, Mr Wong Kin Yick Kenneth resigned as executive directors of both the Company and CASH.

(g) During the year ended 31 December 2009, the Group received commission and interest from margin financing of approximately HK$9,000 (2008: HK$8,000) from Mr Lin Che Chu George before his resignation of a director of CASH with effect from 17 September 2009.

(h) During the year ended 31 December 2009, the Group received interest income of HK$2,387,000 (2008: HK$8,795,000) 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 2008, the Group received HK$500,000 from CASH for the disposal of membership and recorded a loss of HK$830,000.

(j) During the year ended 31 December 2008, the Group placed a deposit of HK$60,000,000 at CASH for the acquisition of fellow subsidiaries (see note 21).

(k) During the year ended 31 December 2009, the Group paid rental expense of approximately HK$5,687,000 (2008: HK$4,749,000) to an associate.

(l) During the year ended 31 December 2009, the Group paid rental and building management expense of approximately HK$1,866,000 (2008: Nil) to fellow subsidiaries.

(m) At 31 December 2009, CASH provided approximately HK$137,640,000 corporate guarantees to the Group (2008: Nil).

(n) During the year ended 31 December 2009, the Group paid interest expense of approximately HK$749,000 (2008: Nil) to a subsidiary of CASH.

(o) During the year ended 31 December 2009, the Group derived interest income from loans to certain directors of the Company of approximately HK$224,000 (2008: Nil). Details are disclosed in note 22.

(p) During the year ended 31 December 2009, the Group derived interest income from loans to certain directors of CASH of approximately HK$73,000 (2008: Nil). During the year, Mr Lin Che Chu George resigned as a director of CASH. Details are disclosed in note 22.

39. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

Remuneration of key management personnel represents amounts paid to the Company's directors as disclosed in note 9.

40. OPERATING LEASE COMMITMENTS

At the reporting date, 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:

	2009 HK$'000	2008 HK$'000
Within one year	**107,313**	30,754
In the second to fifth year inclusive	**73,651**	26,021
	180,964	56,775

Operating lease payments represent rental payable by the Group for office premises and retail shops. Leases are mainly negotiated for lease term of one to five years. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group has to pay a rental based on certain percentage of the gross sales of the relevant shop when the sales meets certain specified level.

41. 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 2009 %	2008 %	Principal activities
CASH Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	**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 Retail Management (HK) Limited	British Virgin Islands	Ordinary US$100	**100**	—	Investment holding
CASH Wealth Management Limited (formerly known as "CASH Frederick Taylor Limited")	Hong Kong	Ordinary HK$10,000,000	**100**	70	Financial advisory consultancy
CASH Payment Services Limited	Hong Kong	Ordinary HK$2	**100**	100	Provision of payment gateway services
Celestial Asset Management Limited	Hong Kong	Ordinary HK$4,000,100	**100**	100	Provision of treasury management functions
Celestial Capital Limited	Hong Kong	Ordinary HK$30,000,000	**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 Financial Services Limited	British Virgin Islands	Ordinary US$10,000	**100**	100	Investment holding
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
Kawoo Finance Limited	British Virgin Islands	Ordinary US$2	**100**	100	Investment holding and trading
Linkup Assets Management Limited	British Virgin Islands	Ordinary US$1	**100**	100	Investment holding and trading
Pricerite Stores Limited	Hong Kong	Ordinary HK$200,000,000	**100**	—	Retailing of furniture and household goods
Think Right Investments Limited	British Virgin Islands	Ordinary US$1	**100**	100	Properties holding

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

CASH E-Trade Limited, Celestial Financial Services Limited and CASH Retail Management (HK) 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, resulted in particulars of excessive length.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's major financial instruments include equity investments, loans receivable, other receivables, other payables, bank balances and deposits, 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.

Categories of financial assets and liabilities

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and financial liabilities:

	2009 **HK$'000**	2008 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
— Investments held for trading	**37,214**	79,155
Loans and receivables (including cash and cash equivalents)	**1,649,662**	1,316,747
	1,686,876	1,395,902
Financial liabilities		
Financial liabilities measured at amortised cost	**1,637,889**	965,877
Financial liabilities at fair value through profit or loss		
— Derivative financial liabilities	**—**	3,067
	1,637,889	968,944

Market risk

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 90% of financial assets and financial liabilities of the Group are denominated in US$ or HK$. As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/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 reporting date.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances and deposits with brokers. The Group currently does not have a fair value hedging policy.

The Group is also 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 is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group. A 100 (2008: 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 Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

The sensitivity analysis is prepared assuming the financial instruments outstanding at the reporting date were outstanding for the whole year. As at 31 December 2009, 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 loss would decrease/increase by HK$9,792,000 (2008: HK$1,509,000). This is mainly attributable to the bank interest expenses under finance costs or interest income under revenue.

Equity price risk

The Group is exposed to equity price risk as a result of changes in fair value of 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 analyses below have been determined based on the exposure to equity price risks at the reporting date. The analysis is prepared assuming the financial instruments outstanding at the reporting date were outstanding for the whole year. A 30 percent (2008: 30 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.

As at 31 December 2009, if the market bid prices of the Group's listed equity investments had been 30 percent higher/lower, the Group's loss would decrease/increase by HK$8,615,000 (2008: HK$23,747,000). 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. An unexpected decrease in market bid price may result in the Group suffering significant loss due to the leverage feature.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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 reporting 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.

The Group does not have any significant concentration of credit risk as the exposure spread over a number of counterparties and customers.

Bank balances 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 customers. 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.

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

	Carrying amount HK$'000	**Total contractual undiscounted cash flow** HK$'000	**Within 1 year or on demand** HK$'000	**More than 1 year but less than 2 years** HK$'000	**More than 2 years but less than 5 years** HK$'000	**More than 5 years** HK$'000
At 31 December 2009						
Accounts payable	1,157,955	1,157,955	1,157,955	—	—	—
Amounts due to fellow subsidiaries	800	800	800	—	—	—
Other payables	28,972	28,972	28,972	—	—	—
Bank borrowings	422,410	439,647	369,182	13,126	18,400	38,939
Loan from a minority shareholder	27,437	27,437	27,437	—	—	—
Obligations under finance leases	315	338	150	150	38	—
	1,637,889	1,655,149	1,584,496	13,276	18,438	38,939

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity risk (continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000
At 31 December 2008						
Accounts payable	689,175	689,175	689,175	—	—	—
Other payables	16,737	16,737	16,737	—	—	—
Bank borrowings	232,086	247,786	199,240	1,374	4,756	42,416
Loan from a minority shareholder	27,437	27,437	27,437	—	—	—
Obligations under finance leases	442	496	131	147	218	—
	965,877	981,631	932,720	1,521	4,974	42,416

Fair values measurements recognized in the statement of financial position

The Group adopted the amendments to HKFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The Group has taken advantage of the transitional provisions in the amendments to HKFRS 7 and accordingly, no comparatives for the hierarchy for fair value measurement disclosures have been presented.

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and

— Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK$'000 (note a)	Level 2 HK$'000	Level 3 HK$'000 (note b)	2009 Total HK$'000
Assets				
Investments held for trading				
— Equity securities listed in Hong Kong	28,715	—	—	28,715
— Unlisted securities	—	—	8,499	8,499
	28,715	—	8,499	37,214

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

Liquidity risk (continued)

Fair values measurements recognized in the statement of financial position (continued)

There have been no significant transfers between levels 1 and 3 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Notes:

(a) Fair values of the listed equity securities have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(b) In opinion of the directors, the carrying amount of the unlisted securities approximates its fair value by reference to recent similar market transaction.

Fair value of the Group's financial assets classified in Level 3 was assessed by reference to recent similar market transaction that are not based on observable market data. The financial instruments within this level can be reconciled from the opening to closing balance as follows:

	HK$'000
Opening balance	—
Additions	8,499
Closing balance	8,499

43. CAPITAL 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 33, 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 Hong Kong Securities and Futures Commission ("SFC") and are required to comply with certain minimum capital requirements according to the Hong Kong Securities and Futures Ordinance. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure the compliance of the minimum liquid capital requirement under the Hong Kong Securities and Futures (Financial Resources) Rules.

44. SUMMARISED THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	2009 **HK$'000**	2008 HK$'000
Assets		
Investment in subsidiaries	**748,177**	477,108
Amounts receivable on disposal of subsidiaries	**—**	171,498
Amounts due from subsidiaries	**138,683**	132,065
Bank balances (general accounts)	**140**	121
Deposit and other receivables	**—**	60,043
	887,000	840,835
Liabilities		
Accrued liabilities and other payables	**454**	6,265
Amounts due to subsidiaries	**323,273**	323,273
	323,727	329,539
Net asset	**563,273**	511,297
Capital and reserves		
Share capital	**61,711**	41,140
Reserves	**501,562**	470,157
Total equity	**563,273**	511,297

Appendix I — Investment Properties

Held as at 31 December 2009

Location	Approximate gross floor area (sq. ft.)	Land use
Room 1606 (also known as 19G), Li Jing Yuan, Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	891	The property is vacant
Room 1607 (also known as 19A), Li Jing Yuan, Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	1,593	The property is vacant
Room 1806 (also known as 21G), Li Jing Yuan, Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	891	The property is vacant
Room 602 on Level 5, Maison des artiste, No. 16 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	1,160	The property is vacant
Room 802 on Level 7, Maison des artiste, No. 16 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	1,160	The property is vacant
Room 902 on Level 8, Maison des artiste, No. 17 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	1,160	The property is vacant
Room 2002 on Level 17, Maison des artiste, No. 17 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	2,469	The property is vacant

Appendix II — Five-Year Financial Summary
For the year ended 31 December 2009

RESULTS

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**705,480**	324,651	666,378	345,977	213,557
(Loss)/profit before income tax	**(7,384)**	(81,924)	204,611	73,521	23,847
Income tax (expense)/credit	**(13,848)**	(4,294)	(28,825)	(5,796)	3,440
(Loss)/profit for the year from continuing operations	**(21,232)**	(86,218)	175,786	67,725	27,287
Discontinued operations					
Profit/(loss) for the year from discontinued operations	**—**	—	30,904	(27,527)	—
	(21,232)	(86,218)	206,690	40,198	27,287
Attributable to:					
Owners of the Company	**(22,675)**	(99,595)	207,779	39,944	26,626
Minority interests	**1,443**	13,377	(1,089)	254	661
	(21,232)	(86,218)	206,690	40,198	27,287

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property, plant and equipment	**159,475**	108,164	24,787	45,720	12,218
Goodwill	**2,661**	4,933	4,933	114,878	4,933
Intangible assets	**321,059**	11,062	12,392	32,042	11,062
Other non-current assets	**269,467**	254,890	253,089	23,690	67,721
Current assets	**1,751,114**	1,348,209	2,331,716	1,559,155	1,055,031
Total assets	**2,503,776**	1,727,258	2,626,917	1,775,485	1,150,965
Current liabilities	**1,618,673**	981,713	1,727,551	1,287,916	792,717
Other non-current liabilities	**115,287**	39,490	—	3,977	159
Total liabilities	**1,733,960**	1,021,203	1,727,551	1,291,893	792,876
Net assets	**769,816**	706,055	899,366	483,592	358,089
Minority interests	**17,752**	16,762	1,001	3,761	1,471

Notes:

(i) During the year ended 31 December 2005, the Group has adopted the new HKFRSs which resulted in changes in accounting policies for 2005 and prior accounting years. The financial summary for prior years has been adjusted to take up the retrospective effects on HKFRS 2 Share-based Payment and HKAS 32 Financial Instruments: Disclosure and Presentation.

(ii) During the year ended 31 December 2007, the Group entered into a sale and purchase agreement with CASH to dispose of the Netfield Group, which carried out the Group's game service and operations. Accordingly, the disposed group is regarded as discontinued operations and its results in prior year are separately shown.

Definitions

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

"ARTAR"	Abdulrahman Saad Al-Rashid & Sons Company Limited, a substantial Shareholder
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), the indirect controlling Shareholder, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board
"CASH Group"	CASH and its subsidiaries and associates, including the Group
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands; a substantial shareholder of CASH and an associate of Mr Kwan Pak Hoo Bankee
"Celestial Capital"	Celestial Capital Limited, a company incorporated with limited liability in Hong Kong and is 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
"Celestial Commodities"	Celestial Commodities Limited, a company incorporated with limited liability in Hong Kong and is 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
"Celestial Securities"	Celestial Securities Limited, a company incorporated with limited liability in Hong Kong and is a wholly-owned subsidiary of the Company, and a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) and 3 (leveraged foreign exchanged trading) regulated activities
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFS"	Celestial Financial Services Limited, a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Company and is the direct holding company of CASH Wealth Management Limited (formerly known as CASH Frederick Taylor Limited)
"CG Code"	the Code on Corporate Governance Practices as contained in the Listing Rules
"CG Report"	the corporate governance report of the Company covering the year ended 31 December 2009 as required to be included in this annual report under the Listing Rules
"CGL"	CASH Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of CASH
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of CASH; is a controlling Shareholder
"Company" or "CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board

Definitions

"Connected Clients"	Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard (executive directors of each of the Company and CASH), Mr Chan Chi Ming Benson and Mr Cheng Man Pan Ben (executive Directors of the Company), Cash Guardian (a substantial shareholder of CASH), and Libra Capital Management (HK) Limited (formerly E-Tailer Holding Limited) and Cashflow Credit Limited (wholly-owned subsidiaries of CASH and substantial Shareholders of the Company), all of which are connected persons of the Company (as defined under the Listing Rules)
"COO"	the chief operating officer of the Company
"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 the Company and the holding company of the Retail Group
"Director(s)"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Margin Financing Arrangement"	the grant of margin financing facilities by the Company to the Connected Clients for each of the three financial years ending on 31 December 2012, details of which are disclosed in (2)(a)(ii) under the sub-section headed "Continuing Connected Transactions" in the Directors' report
"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
"NED(s)"	the non-executive Director(s) of the Company
"New Option Scheme"	the new share option scheme adopted by the Company to replace the Option Scheme pursuant to an ordinary resolution passed by the Shareholders on 22 February 2008, which took effect on 3 March 2008
"Option Scheme"	the share option scheme adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 19 February 2002 and was terminated on 3 March 2008
"PE ratio"	price-to-earning ratio
"PRC"	the People's Republic of China
"Previous Connected Clients"	Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard (executive directors of each of the Company and CASH), Mr Cheng Man Pan Ben (an executive Director of the Company), Mr Lin Che Chu George (an ex-director of CASH), Mr Wong Kin Yick Kenneth (an ex-director of each of the Company and CASH), Cash Guardian (a substantial shareholder of CASH), and ARTAR (a substantial shareholder of the Company), and Kawoo Finance Limited (a then wholly-owned subsidiary of CASH and is currently a wholly-owned subsidiary of the Company) and Libra Capital Management (HK) Limited (formerly E-Tailer Holding Limited) (a wholly-owned subsidiary of CASH), all of which, except Kawoo Finance Limited, are connected persons of the Company (as defined under the Listing Rules)

Definitions

"Previous Margin Financing Arrangement"	the grant of margin financing facilities by the Company to the Previous Connected Clients, which had been expired on 31 December 2009. The facilities granted to certain Previous Connected Clients have been renewed by the Margin Financing Arrangement. Details of which are disclosed in (2)(a)(i) under the sub-section headed "Continuing Connected Transactions" in the Directors' report
"Principles"	a set of corporate governance principles adopted by the Board
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"Retail Group"	CRM(HK) and its subsidiaries which mainly engage in the retail business in Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

CASH
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