Annual Report 2009

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

商界展關懷
caringcompany 2006-10
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

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CORPORATE INFORMATION

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

During 2009, governments around the world put in place economic stimulus policy measures in the aftermath of the financial crisis, which gradually rescued the global economy from deep recession to recovery and the international financial market from volatility to stabilisation in the second half of the year. The PRC government timely implemented aggressive fiscal policies and moderate monetary easing policies to stop the economy from falling and took the lead in an overall economic rebound. The excellent performance of China's economy in 2009 attracted investors from all over the world. With its established standing as an international and domestic financial centre, Hong Kong is benefitted from unmatched opportunities and advantages. Fuelled by the economic rebound in Mainland China, Hong Kong had also started to revive during the second half of the year. Both the stock market and the property market trended up singificantly, whilst the unemployment rate trended down gradually from it's peak.

With its base in Hong Kong, Cinda International Holdings Limited ("Cinda International" or the "Group") is the overseas platform for our parent company, China Cinda Asset Management Corporation ("China Cinda"), to expand into the internationalised financial services market. In an environment of challenges and opportunities, the Group actively expanded its business scope and managed to maintain a steady business growth. While developing the local corporate finance business in Hong Kong, the Group also co-operated with PRC institutions, so as to provide a wider spectrum of services for mainland companies which are seeking listing, financing, merger and acquisition opportunities and financial consultation service in Hong Kong. In addition to bringing financial support to the Group, the co-operation also enhanced our business strength in market of corporate and institutional investors. Moreover, the Group acquire 40% issued share capital of Sino-Rock Investment Management Company Limited ("Sino-Rock Investment") in December 2009 to expand into asset management business in China and Hong Kong and to provide us with diversified revenue sources. The platform provided by Sino-Rock Investment is conducive to our active development in private equity fund management business in the PRC as well as laying down a foundation for further development in private equity fund management business in Hong Kong or overseas markets.

Looking forward to 2010, global economic recovery, in addition to China's continuous growth in economy, will bring opportunities to more companies. Upholding to its corporate values of "integrity, specialization, efficiency and innovation", the Group is committed to providing top quality financial services for clients from different sectors. On the back of China Cinda's strength in the PRC financial industry as well as Cinda International's advantages in international business, we will dedicate ourselves in expanding our business in both PRC and Hong Kong. We will also focus our efforts on the development of integrated financial services offering coverage in corporate financing, asset management, securities trading and futures trading with a view to maximise our synergies. At the same time, we will adopt aggressive yet steady and cautious business strategies, so as to explore and develop institutional clients, expand our market share and further enhance our market position. We will proactively identify merger and acquisition opportunities to pursue a rapid growth for Cinda Internationa so as to build up a leading integrated financial services group and bring better return for our shareholders.

I would like to take this opportunity to express my sincere gratitude for the support and devotions from the shareholders, clients, members of the Board, all my colleagues and the community as well as our business partners who have been supporting us all the time!

Chen Xiaozhou
Chairman

Hong Kong, 20th April 2010

OVERALL REVIEW

The year 2009 was a challenging year. We experienced a poor market sentiment in the first half of the year, especially in the first quarter when the atmosphere was dull. In the first half of the year, the Group recorded turnover of only HK$31.4 million and a loss of HK$22.4 million. Governments around the world implemented rescue plans and stimulus packages. In the second half of the year, the world economy improved and the market recovered. We saw a rise in turnover of the whole equity market and corporate finance business became active. We managed to record an annual turnover of HK$98.5 million and the operating loss was reduced to HK$19.6 million. In the fourth quarter, the Group acquired 40% of the issued share capital of an asset management company as a means to participate in private equity fund management business in the PRC and provide a diversified revenue base to the Group. Taking into account the share of profit from an associate, the Group achieved a profit attributable to equity holders of HK$4.4 million.

SECURITIES BROKING

We saw a recovery in the securities market from the second quarter of the year. Following the listing of some hot initial public offerings ("IPOs"), the secondary market of securities recovered well from the second quarter of the year and market turnover resumed to a satisfactory level. In the first half of the year, the unaudited loss before interest and tax was HK$6 million. However, in the second half of the year, this segment turned into a profit so that the loss for the year narrowed. This segment has become one of the main business focuses of the Group since the Group's reorganisation in 2008, and the Group is dedicated to devoting more resources to this segment. Apart from the retail business which has been the major business since its business commencement, the Group began recruiting corporate and institutional clients in the last quarter of the year. Moreover, the Group upgraded its systems to prepare for a high volume of transactions. As a result, turnover was HK$40 million with a loss of HK$1.8 million before finance costs being recorded (2008: HK$34.6 million, profit HK$2.2 million).

CORPORATE FINANCE

Relying on the background of our parent company, our participation in IPOs, underwriting and merger and acquisition business is satisfactory. During the year the corporate finance division participated in one large IPO as co-lead manager. We also successfully sponsored an IPO in the Growth Enterprise Market ("GEM"), and continued to provide financial advisory services and act as compliance advisor for newly listed companies. Turnover increased to HK$24.3 million (2008: HK$6.8 million), representing a 3.6 times growth compared to the corresponding period. Despite the high cost of operations in this division, a profit of HK$0.9 million was recorded (2008: loss HK$2.5 million).

ASSET MANAGEMENT

Near the end of the year the Group acquired 40% of the issued shares in an associated company which was engaged in pre-IPO investment and investments in distressed assets. The associated company holds certain high-potential investments. It has also been pursuing private equity fund management services in the PRC so that stable management income and certain performance related incentives can be earned. It is expected that the associated company will contribute considerably to the Group. Furthermore, the Group has recruited appropriate personnel to build up a team to re-commence its asset management business in Hong Kong after the year ended 31st December 2009. During the year, only minimal expenses were incurred to maintain the license and registration, leading to a loss of HK$0.2 million (2008: HK$0.9 million).

LEVERAGED FOREIGN EXCHANGE TRADING

The leveraged foreign exchange business has been operating under an extremely competitive environment during the past few years. Not only has the price spread narrowed, but the interest income earned from positions kept by us has also been diminished by the strong competition from our competitors who were charging a lower interest spread. Under these circumstances, our business model as a broker in this business was overall not very profitable. Including the relatively high operating costs on information technology, which is vital in today's market to earn a profit is more difficult. Turnover dropped from HK$26.4 million to HK$14.5 million and a loss of HK$10.1 million (2008: loss HK$3.6 million) was recorded. It is believed that unless we change our business model from a broker to a foreign exchange trader, this situation is unlikely to improve. But, more importantly, we cannot see any synergy with the business of our parent company. Therefore, after the date of the statement of financial position, the Directors decided to suspend the retail business in order to consolidate the Group's resources to better align with the Group's development strategy.

COMMODITIES AND FUTURES DEALING

The market for locally traded products has been competitive, and it has been difficult to attract new clients to participate in the market. Commissions for such products are low and are barely profitable. Since the financial crisis, our business in the overseas markets has not resumed to its then level. Turnover in this segment further decreased to HK$4.6 million (2008: HK$10.3 million) and losses incurred reached HK$3 million (2008: loss HK$0.2 million). Efforts are being made to recruit new customers from different sources by offering a wider array of products and upgrading our trading system. The electronic trading system will be enhanced so that clients can trade irrespective of their location.

FINANCIAL PLANNING & INSURANCE BROKING

The adverse effects of the mini-bonds and accumulator scandals continued to turn investors off of structured products, and it has been difficult to recruit new customers. Tougher regulatory requirements have also resulted in more complicated procedures to sell these products to customers. Business operating costs for this sector could not be reduced despite the market downturn. As a result, although turnover was HK$13.3 million (2008: HK$22.3 million), losses widened to HK$1.2 million (2008: loss HK$0.8 million).

FINANCIAL RESOURCES

The Group has adopted a prudent approach in managing its financial resources and the financial position has been strong. The Group's assets are highly liquid and maintained a current ratio of 4.45 times. A liquid financial position not only enables the Group to reduce liquidity risk, but also allows it to capture investment opportunities available. The subsidiaries licensed by the Securities and Futures Commission have complied fully with the financial resources requirements. During the year the Company placed 84,460,000 new ordinary shares on the market to raise approximately HK$164 million for general working capital of the Group.

FLUCTUATION IN FOREIGN EXCHANGE

Currently our assets and liabilities are denominated in Hong Kong Dollars and United States Dollars to which Hong Kong Dollars are pegged, so we are not exposed to significant fluctuations in foreign exchange. Only a small amount of net leveraged foreign exchange positions are exposed to fluctuations in foreign exchange. The dealing room of the Group is responsible for monitoring such positions under the guidelines laid down by management.

REMUNERATION AND HUMAN RESOURCES DEVELOPMENT

The Group has put great emphasis on the development of human resources and strived to continue to develop its staff in line with the Group's expansion. The Group offered attractive packages to its staff at all levels and has been offering fringe benefits including medical subsidies, education allowances, life insurance and free CPT courses to different levels of staff. Motivation schemes are also in place for staff whose performance is strong.

CONTINGENT LIABILITIES

There are three outstanding litigation cases up to the date of this report. Under the share sale agreement entered into by then controlling shareholder Hantec Holding Limited ("HHL"), Sinoday Limited and Silver Grant International Securities Investment Limited, HHL and the then chairman of the Company undertook to indemnify the Company of any loss or liability suffered by the Group as a result of or in connection with these cases. In addition, the Company has issued certain financial guarantees to financial institutions in favour of a subsidiary engaged in securities dealing and another subsidiary engaged in leveraged foreign exchange trading. Details are set out in note 32 of the financial statements. As at the end of the reporting period, the Directors do not consider that a probable claim will be made against the Company under any of the guarantees.

LOOKING FORWARD

It is strongly believed that the market interest rate will remain low in the coming year. Due to this high level of liquidity, activities in the investment market will remain intense. Despite the government's cool-down measures, price of properties and stock in both Hong Kong and the PRC stood at high level. The economy of the PRC in the year to come is optimistic, but there are worries about bubbles in asset prices and the appreciation of Renminbi which could greatly affect its economic growth. All in all, there are still many opportunities in the market, and we will further communicate and cooperate with our parent company to explore this business potential.

The Group underwent some restructuring after its re-organisation in the last quarter of 2008. The retail leveraged foreign exchange business slowed down after the year end. The Group will consolidate its resources so that businesses with high potential will be further expanded. Appropriate personnel have been recruited to cope with our expansion. Looking forward in 2010, on the brokerage business, the Group will complete the upgrading of its securities on-line trading and settlement system to enhance its capability and functionality. The Group hopes to develop on-line trading clients through the new system, and upgrade our systems for future and commodities trading in the near future. In addition, recruiting new corporate and institutional clients is a key focus. Expansion in the corporate finance division is promising and we are looking for high caliber staff to join. In the asset management business, the acquisition of the associated company provided a good opportunity for the Group to enter the fund management market in the PRC. The investments held by the associated company are of good quality and can provide a good return to the Group. We are in the process of establishing our own asset management team to build up a private equity fund. On the financial planning business, we will revisit the business model to consider new measures to improve its results. We believe the overall performance of the Group will be improved in the year to come.

EXECUTIVE DIRECTORS

Mr. Chen Xiaozhou, aged 48, was appointed as an executive director and the Chairman of the Company on 2nd December 2008. Mr. Chen is currently the Chairman of Well Kent International Holdings Company Limited (a substantial shareholder of the Company within the meaning of Part XV of the SFO), the Chairman and non-executive director of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on The Stock Exchange of Hong Kong (the "Stock Exchange"), a non-executive director of China National Materials Company Limited (stock code: 1893), the H-shares of which are listed on the Stock Exchange and a director of Sino-Rock Investment Management Company Limited (an associated company of the Company).

Mr. Chen obtained a Master Degree in Economics from the Research Institute of the People's Bank of China in 1988 and obtained a Master Degree in Commerce from the University of New South Wales, Australia in 2003. Mr. Chen has over 19 years of experience in the banking and finance industry.

Mr. Gao Guanjiang, aged 57, was appointed as an executive director and the Deputy Chairman of the Company on 2nd December 2008 and 18th January 2009 respectively. Mr. Gao is currently Assistant Chief Executive of China Cinda Asset Management Corporation (a substantial shareholder of the Company within the meaning of Part XV of the SFO) and the Chairman of Cinda Securities Co., Ltd..

Mr. Gao graduated from the University of Wuhan with a Ph. D in Economics. Mr. Gao has over 20 years of experience in commercial banking, investment banking, business administration and securities and finance.

Mr. Gu Jianguo, aged 47, was appointed as an executive director of the Company on 2nd December 2008. Mr. Gu is currently a director and General Manager of Well Kent International Holdings Company Limited (a substantial shareholder of the Company within the meaning of Part XV of the SFO) and an executive director of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on the Stock Exchange.

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

Mr. Zhao Hongwei, aged 43, was appointed as an executive director and the Managing Director of the Company on 2nd December 2008 and 18th January 2009 respectively. He is also a director of certain subsidiaries of the Company.

Mr. Zhao obtained a Bachelor Degree in Science from Beijing Normal University, a Master Degree in Economics from Renmin University of China, a Ph. D Degree in Economics from the Chinese Academy of Social Sciences in 1989, 1993 and 1996 respectively. He has over 13 years of experience in investment banking, business administration and securities and finance.

Mr. Gong Zhijian, aged 43, was appointed as an executive director of the Company on 2nd December 2008. He is the Deputy General Manager of the Group and a director of certain subsidiaries of the Company. Mr. Gong has worked and held management positions in China Construction Bank Corporation (Xiamen Branch), the Accounts Department of China Construction Bank Corporation (Head Office), China Construction Bank Corporation (Shenzhen Branch) and Well Kent International Holdings Company Limited (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

Mr. Gong graduated from Zhongnan University of Economics and Law in 2004 and has over 16 years of experience in commercial banking, investment banking, corporate finance and accounting management.

Mr. Lau Mun Chung, aged 45, was appointed as an executive director of the Company on 3rd March 2007. He is the Deputy General Manager of the Group, a director and a secretary of certain subsidiaries of the Company and the Company Secretary of the Company. Mr. Lau graduated from the University of Hong Kong with a Bachelor Degree in Social Science. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a graduate of The Hong Kong Institute of Chartered Secretaries. Prior to joining the Group in 1999, Mr. Lau had already gained extensive experience in accounting, finance and taxation.

NON-EXECUTIVE DIRECTOR

Mr. Chow Kwok Wai, aged 43, was appointed as a non-executive director of the Company on 2nd December 2008. He is an executive director, a Deputy General Manager and the Qualified Accountant of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on the Stock Exchange. Mr. Chow has worked in Price Waterhouse, which is now known as PricewaterhouseCoopers, and accumulated valuable audit experience there. Mr. Chow received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990. He is a Fellow Member of the Association of Chartered Certified Accountants and a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years of experience in accounting, financial management and corporate finance. He is also an independent non-executive director of Lijun International Pharmaceutical (Holding) Co., Ltd. (stock code: 2005) whose shares are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Tongsan, aged 61, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is currently a member of the Chinese Academy of Social Sciences, the Dean at the Institute of Quantitative and Technical Economics, Chinese Academy of Social Sciences, and also the Chairman of the Chinese Association of Quantitative Economics. Mr. Wang obtained his Master degree and Doctorate degree in Economics from the Chinese Academy of Social Sciences in 1985 and 1990 respectively. Mr. Wang has involved in the drafting of the State's reports and documents.

Mr. Chen Gongmeng, aged 45, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is currently the President of China Venture Capital Research Institute of the Hong Kong Polytechnic University and Professor of Finance at the School of Economics and Management of the Shanghai Jiaotong University. He received his MBA degree and Ph D. in Finance from the University of Texas at Dallas in the USA in 1991 and 1995 respectively. Mr. Chen has over 12 years of teaching experience as a professor teaching various subjects including Financial Management, International Finance, Advanced Financial Management, Chinese Communication and Corporate Finance as well as supervising research students. During his teaching career, he developed and implemented numerous academic and professional programs.

Mr. Hung Muk Ming, aged 45, was appointed as an independent non-executive director of the Company on 2nd December 2008. He is a Certified Public Accountant (Practising) and is a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Directors and an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Hung received his Bachelor Degree in Social Sciences from the University of Hong Kong in 1990, and a Master Degree in Corporate Governance from the Hong Kong Polytechnic University in 2008. From 23rd December 2004 till now, Mr. Hung is an independent non-executive director of Silver Grant International Industries Limited (stock code: 171) (a substantial shareholder of the Company within the meaning of Part XV of the SFO) whose shares are listed on the Stock Exchange. He has over 15 years of experience in the accounting and audit sector.

SENIOR MANAGEMENT

Ms. Lau Yuk Ping, aged 44, is the Deputy General Manager of the Group responsible for overseeing the divisions of compliance and internal audit function, human resources and administration of the Group. Prior to joining the Group in August 1999, Ms. Lau worked in the compliance division of the Stock Exchange of Hong Kong. Ms. Lau holds a Bachelor Degree in Business from Monash University, Australia and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She has over 17 years of experience in regulatory and compliance matters.

Mr. Yu Man Sang, Mason, aged 44, joined the Group in 1993. He is the Head of Forex Dealing responsible for the treasury function of the Group. He is a responsible officer and director of Cinda International FX Limited and Cinda International Futures Limited. Mr. Yu is a member of the Hong Kong Securities Institute and a full member of the Treasury Markets Association. Mr. Yu has over 19 years of experience in commodities and futures broking and foreign exchange trading.

Mr. Li Shui Yan, aged 40, is a director of Cinda International Capital Limited and is responsible for overseeing the Group's corporate finance division. Prior to joining the Group in February 2001, Mr. Li worked for a corporate finance division of a securities firm for over five years. Mr. Li holds a Bachelor Degree in Business Administration from Taiwan Chengchi University. He has over 14 years of experience in corporate finance with emphasis in structuring PRC deals and projects including but not limited to initial public offerings, mergers and acquisitions and other financial advisory services.

CORPORATE GOVERNANCE PRACTICE

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

Throughout the financial year 2009, the Group fully complied with the Code Provisions, save for the deviation specified with considered reasons below. The Board of Directors of the Company (the "Board") continues to monitor and review the Group's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

The Board assumed overall responsibility of leading and supervising the Group. The Board laid down the direction of business of the Group and decided on important issues. Implementation of policies laid down by the Board rests with the Executive Management Committee ("EMC") which at the time comprised certain executive directors and members from the senior management.

Composition

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

Chairman and Chief Executive Officer

Mr. Chen Xiaozhou serves as the Chairman of the Board. The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings.

Mr. Zhao Hongwei is the Managing Director of the Company who is responsible for the overall operation of the Group and performs the role of chief executive officer. The roles of the Chairman and the chief executive officer are separate and performed by separate individuals.

Non-Executive Directors

Non-executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, to ensure that the interests of all shareholders are taken into account.

The current non-executive director and the three independent non-executive directors of the Company are appointed for a term of two years and subject to rotation in accordance with the provisions in the bye-laws of the Company. The Board had received annual written confirmation from all the independent non-executive directors for the year 2009 and is satisfied that all independent non-executive directors were acting independently throughout the year. No independent non-executive director has served the Company for more than nine years.

Independent non-executive directors are identified as such in all corporate communications containing the names of the Directors.

Deviation to Code Provision A.2.1

This code provided that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Prior to the Group Reorganisation, the Group deviated from the provision under Code Provision A.2.1. There was no chief executive officer in the Group before the appointment of the current managing director on 18th January 2009 who performs this role. Mr. Tang Yu Lap was the chairman of the Group. The Board at that time believed that the then structure gave significant benefits to the Group as it maintained a strong and effective leadership and ensured an efficient decision making process.

Board Meetings

All Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible.

The attendance record of the Board meetings held during the financial year 2009 is set out below:

Name of Director	Number of meetings attended	Attendance rate
Executive Directors		
Mr. Chen Xiaozhou *(Chairman)*	7/7	100%
Mr. Gao Guanjiang *(Deputy Chairman)*	6/7	86%
Mr. Gu Jianguo	7/7	100%
Mr. Zhao Hongwei *(Managing Director)*	7/7	100%
Mr. Gong Zhijian	7/7	100%
Mr. Lau Mun Chung	7/7	100%
Non-executive Director		
Mr. Chow Kwok Wai	7/7	100%
Independent Non-executive Directors		
Mr. Wang Tongsan	5/7	71%
Mr. Chen Gongmeng	6/7	86%
Mr. Hung Muk Ming	7/7	100%

Notice of at least 14 days are given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice will be given.

Rotation of Directors

The bye-laws of the Company provide that every director, including the chairman and/or the managing director of the Company, shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office only until the following annual general meeting, at which time they shall retire and be eligible for re-election by the members. Save for Mr. Lau Mun Chung, all directors were appointed by the Board on 2nd December 2008 and have retired and be re-elected in the annual general meeting of 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct for directors' dealing in its shares. All directors confirmed that they had complied with the required standards at all times throughout the financial year 2009.

DIRECTORS' REMUNERATION

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

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

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

The Remuneration Committee held one meeting in the financial year 2009. The following is the attendance record:

Name of Committee Members	**Number of meetings attended**	**Attendance rate**
Mr. Chow Kwok Wai *(Chairman)*	1/1	100%
Mr. Chen Gongmeng	1/1	100%
Mr. Hung Muk Ming	1/1	100%

NOMINATION OF DIRECTORS

The Nomination Committee comprises three members including two independent non-executive directors and one executive director. It is chaired by the executive director, Mr. Gao Guanjiang. The other members are Mr. Wang Tongsan and Mr. Chen Gongmeng.

A written terms of reference was adopted by the Nomination Committee at its inception and updated where necessary. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board. In addition, it identifies and proposes suitable candidates to the Board for appointment as directors.

The Nomination Committee held one meeting in the financial year 2009. The following is the attendance record:

Name of Committee Members	**Number of meetings attended**	**Attendance rate**
Mr. Gao Guanjiang *(Chairman)*	1/1	100%
Mr. Wang Tongsan	1/1	100%
Mr. Chen Gongmeng	1/1	100%

AUDITORS' REMUNERATION

The Group has appointed KPMG as the Group's external auditors who offer both audit and non-audit services to the Group. In financial year 2009, the audit fees paid to KPMG and other external auditors totalled HK$1.61 million. For non-audit services, the fees amounted to HK$0.40 million for a review of the interim financial report.

AUDIT COMMITTEE

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

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

The Audit Committee held four meetings during 2009. Representatives from the executive directors and the head of compliance and internal audit ("CAIA") are answerable in the Audit Committee meetings. After each Audit Committee meeting (except the meeting held on 18th January 2009), a private session between the auditors and the independent non-executive directors is immediately held. The following is the attendance record of the meetings held by the Audit Committee for the year:

Name of Committee Members	Number of meetings attended	Attendance rate
Mr. Hung Muk Ming *(Chairman)*	4/4	100%
Mr. Wang Tongsan	4/4	100%
Mr. Chen Gongmeng	4/4	100%

A summary of the work performed by the Audit Committee during the financial year 2009 was listed below:

(1) reviewed and approved the remuneration and the terms of engagement of the external auditor;

(2) reviewed and commented on the financial statements of the Group of each of the half-yearly and annually and the independent auditors' report before their submission to the Board;

(3) reviewed the results of the Group's financial controls, internal control and risk management systems;

(4) reviewed the results of the audit on the connected or continuing connected transactions; and

(5) reviewed the findings and the recommendations of the Group's internal auditor on the Group's operations and the regulatory review carried out by the regulators.

The work and findings of the Audit Committee have been reported to the Board. During the year, no issues brought to the attention of management and the Board were of sufficient importance to require disclosure in the Annual Report.

ACCOUNTABILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledged their responsibilities for the preparation of financial statements of the Company which gives a true and fair view of the states of affairs of the Company as at 31st December 2009 and its profit and the cash flows for the year then ended. The financial statements are prepared on the assumption of going concern and are in accordance to the statutory requirements and applicable accounting and financial reporting standards. The directors also ensure that the publication of the financial statements of the Group is in a timely manner.

The statements of the directors and the auditor of the Company about their respective responsibilities on the financial statements of the Company are set out in the Independent Auditor's Report on pages 23 to 24 of this annual report.

INTERNAL CONTROL

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

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

OTHER CORPORATE GOVERNANCE PRACTICE

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

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

CORPORATE AND SOCIAL RESPONSIBILITY

The Group is committed to actively contributing to the community and fostering a caring culture in the society. To achieve this, the Group has organised various social services activities and encourages staff to participate in voluntary work. The Company was awarded the Caring Company award consecutively for five years in recognition of its contribution to community services. Furthermore, the Company was awarded 2009 Hong Kong Awards for Environmental Excellence under the sector of Financial, Insurance and Accounting Institutions (Merit). As a corporate citizen, the Group will continue to take up its corporate social responsibilities.

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 31st December 2009.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 25.

No interim dividend has been declared for the year (2008: Nil). The directors do not recommend the payment of a final dividend in respect of the year ended 31st December 2009 (2008: Nil).

SHARE CAPITAL

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

RESERVES

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

Distributable reserves of the Company at 31st December 2009 calculated under the Company Act 1981 of Bermuda (as amended) amounted to HK$71,363,000 (2008: HK$101,500,000). Details are set out in Note 25 to the financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$3,000 (2008: HK$1,452,835).

FIXED ASSETS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 98.

DIRECTORS

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

Chairman:

Mr. Chen Xiaozhou

Deputy Chairman:

Mr. Gao Guanjiang

Executive Directors:

Mr. Gu Jianguo
Mr. Zhao Hongwei *(Managing Director)*
Mr. Gong Zhijian
Mr. Lau Mun Chung

Non-executive Director:

Mr. Chow Kwok Wai

Independent Non-executive Directors:

Mr. Wang Tongsan
Mr. Chen Gongmeng
Mr. Hung Muk Ming

In accordance with bye-law 87 of the Company, Mr. Lau Mun Chung, Mr. Chow Kwok Wai and Mr. Hung Muk Ming shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACT

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

DIRECTORS' INTERESTS IN CONTRACTS

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

CONNECTED TRANSACTION

On 9th November 2009, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Well Kent International Holdings Company Limited ("WKIH") to acquire the 18,000,000 existing shares of Sino-Rock Investment Management Company Limited ("Sino-Rock"), representing 40% issued share capital of Sino-Rock for a consideration of HK$110,300,000. The consideration was satisfied by the issuance of 27,575,000 new shares of the Company at the issue price of HK$2 per share (representing a fair value of HK$50,738,000 as at 11th December 2009) and HK$55,150,000 in cash. The acquisition was completed on 11th December 2009. Subsequent to the completion of the acquisition, the Group forfeited a pre-emptive right to acquire further shares of Sino-Rock from another shareholder who is independent to the Company (as ascribed by the Listing Rules).

CONTINUING CONNECTED TRANSACTIONS

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

(I) Agreements related to Information Technology

(i) Pursuant to the Software Licence Agreement, Ringus Solution Enterprise Limited ("Ringus") agreed to grant a non-exclusive license to Cinda International FX Limited, a wholly-owned subsidiary of the Company to use certain computer software programs for its business operation purposes at its principal place of business and other branch offices in Hong Kong at a monthly license fee of HK$80,000. Pursuant to the Supplementary Agreement For Software Licence Agreement (the "Supplementary Agreement"), the term date of the Software Licence Agreement has been extended to 26th November 2010 but is determinable by giving one month's written notice to Ringus.

(ii) Pursuant to the Software Service and Maintenance Agreement, Ringus agreed to provide software maintenance services as set out therein and all other computer and IT systems provided or being maintained by Ringus and from time to time used by the Group to Chinacorp Nominees Limited, a wholly-owned subsidiary of the Company for a monthly fee of HK$43,000. The Software Service and Maintenance Agreement was terminated on 31st July 2009.

By virtue of Chapter 14A of the Listing Rules, the transactions constituted connected transactions as the then chairman of the Company and at the date of this report, a director of two subsidiaries of the Company, was interested in Ringus.

(II) Master Agreement

Pursuant to an agreement dated 9th July 2009 and entered into between the Company, Well Kent International Investment Company Limited and Well Kent International Holdings Company Limited (collectively the "Connected Clients") (the "Master Agreement") in relation to the provision by the Group of certain financial services to the Connected Clients and vice versa, the Group has agreed to (i) provide brokerage service for securities, futures and option trading; placing and underwriting and sub-underwriting services and asset management services to the Connected Clients; (ii) provide corporate financial advisory services to the Connected Clients; (iii) pay commission and fee to the Connected Clients for their acting as sub-underwriters for the securities underwritten by the Group.

All the above-mentioned continuing connected transactions were determined after arm's length negotiations between the parties thereto and will be no less favourable than terms offered to or by other independent third parties. The Directors, including the independent non-executive directors, are of the view that the terms of these agreements are fair and reasonable so far as the shareholders are concerned and that the agreements are entered on normal commercial terms and in the interest of the Company and its shareholders as a whole.

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

PLACING AND ISSUANCE OF SHARES

On 4th August 2009, the Company, Sinoday Limited ("Sinoday", the controlling shareholder of the Company) and two placing agents entered into the Top-Up Placing Agreement pursuant to which 75,594,000 existing shares of the Company were placed by Sinoday through the placing agents at a price of HK$2.00 per share. Pursuant to the Top-Up Placing Agreement, Sinoday and the Company also entered into the Top-Up Subscription Agreement pursuant to which Sinoday agreed to subscribe for 75,594,000 shares of the Company conditionally upon, inter alia, the completion of the Top-Up Placing Agreement at the price of HK$2.00 per share.

On 4th August 2009, CCB International Asset Management Limited ("CCBIAM") and the Company also entered into the New Subscription Agreement pursuant to which CCBIAM has agreed to subscribe for 8,866,000 new shares of the Company at a price of HK$2.00 per share, conditionally upon, inter alia, the completion of the Top-Up Placing Agreement and the Top-Up Subscription Agreement.

The Top-Up Subscription Agreement and the New Subscription Agreement were completed on 14th August 2009. Net proceeds raised through the placing and issuance of shares were approximately HK$164 million and have been used as working capital of the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2009, the directors of the Company who held office and their respective associates did not hold any interest or short position in the shares and underlying shares or debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO") as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

INFORMATION ON SHARE OPTIONS

The share option scheme currently in force was adopted in the 2006 annual general meeting of the Company held on 29th May 2006. No option has been granted in the year ended 31st December 2009 and as at 31st December 2009, there were no outstanding share options granted under the scheme.

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

1	Purpose of the Scheme	(a)	Provide incentives or rewards to participants for their contribution to the Group; and
		(b)	Recruit and retain high-calibre employees and attract human resources that are valuable to the Group.
2	Participants of the Scheme	(a)	Employees including executive directors of the Group and its invested entities; and
		(b)	Other persons who have made contributions to the Group as determined by the Board.

3	Total number of shares available for issue under the Scheme and % of issued share capital that it represents as at 31st December 2009	41,413,000 shares, equivalent to approximately 7.75% of the issued share capital of the Company as at 31st December 2009.
4	Maximum entitlement of each participant under the Scheme	No options may be granted to any participant, which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such participant under the Scheme or any other schemes of the Company (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to approval of shareholders of the Company in general meeting.
5	Period within which the securities must be taken up under an option	The directors may determine the period but shall not end on a date later than ten years from the date of grant.
6	Minimum period for which an option must be held before it can be exercised	No such requirement, but the directors can determine period of holding.
7	Amount payable on application or acceptance of the option and the periods within which payments or calls must be made or loans made for such purposes must be repaid	Within 28 days from the date of the offer letter, the grantee must accept the offer in writing and remit in favor of the Company HK$10 per option, irrespective of the number of shares covered by the option.
8	Basis of determining the exercise price	The exercise price is determined by the directors and being not less than the highest of: (a) the closing price of the Company's shares in the Stock Exchange's daily quotations sheet on the date of the grant of the relevant options; (b) an amount equivalent to the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options; and (c) the nominal value of the Company's shares.
9	Remaining life of the scheme	The Scheme shall end on 29th May 2016.

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

As at 31st December 2009, so far as was known to the directors and the chief executives of the Company, the following are details of the persons (other than directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial shareholder	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Sinoday Limited	Beneficial owner	304,721,500	57.03%
Well Kent International Holdings Company Limited ("WKIH")	Beneficial owner	27,575,000	5.16%
Well Kent International Investment Company Limited ("WKII")	Interest through controlled corporations	332,296,500 *(Note 1)*	62.19%
China Cinda Asset Management Corporation ("China Cinda")	Interest through a controlled corporation	332,296,500 *(Note 1)*	62.19%
Silver Grant International Securities Investment Limited ("Silver Grant")	Beneficial owner	40,022,000	7.49%
Silver Grant Securities Investment (BVI) Limited ("Silver Grant BVI")	Interest through a controlled corporation	40,022,000 *(Note 2)*	7.49%
Silver Grant International Industries Limited ("Silver Grant International")	Interest through a controlled corporation	40,022,000 *(Note 2)*	7.49%
CCB International Asset Management Limited ("CCB International")	Beneficial owner	50,676,000	9.48%
CCB International Assets Management (Cayman) Limited	Interest through a controlled corporation	50,676,000 *(Note 3)*	9.48%
CCB International (Holdings) Limited	Interest through a controlled corporation	50,676,000 *(Note 3)*	9.48%
CCB Financial Holdings Limited	Interest through a controlled corporation	50,676,000 *(Note 3)*	9.48%

Name of substantial shareholder	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
CCB International Group Holdings Limited	Interest through a controlled corporation	50,676,000 *(Note 3)*	9.48%
China Construction Bank Corporation	Interest through a controlled corporation	50,676,000 *(Note 3)*	9.48%
Central SAFE Investments Limited	Interest through a controlled corporation	50,676,000 *(Note 3)*	9.48%
Atlantis Investment Management Limited	Beneficial owner	32,000,000	5.99%

Notes:

(1) These shares were held by Sinoday Limited and WKIH as to 304,721,500 shares and 27,575,000 shares respectively. The issued share capital of Sinoday Limited and WKIH were wholly-owned by WKII, a wholly-owned subsidiary of China Cinda. By virtue of the provisions of the SFO, WKII and China Cinda were deemed to be interested in all the shares in which Sinoday Limited and WKIH were interested.

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

(3) These shares were held by CCB International. CCB International Assets Management (Cayman) Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central SAFE Investments Limited are the indirect holding companies of CCB International and by virtue of the provisions of the SFO, they were deemed to be interested in all the shares in which CCB International was interested.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31st December 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31st December 2009.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules save for the period from 24th December 2008 to 13th February 2009. After the close of the general offer, Sinoday Limited held a total of 346,531,500 shares, representing approximately 82.06% of the issued share capital of the Company. On 13th February 2009, Sinoday Limited made a placement of 41,810,000 shares. After the placement, the Company restored the prescribed public float.

AUDITORS

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

By order of the Board

Chen Xiaozhou
Chairman

Hong Kong, 20th April 2010

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CINDA INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cinda International Holdings Limited (the "Company") set out on pages 25 to 97, which comprise the consolidated and Company statements of financial position as at 31st December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

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

20th April 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Continuing operations			
Turnover	*5*	**96,614**	100,395
Other revenue	*5*	**892**	1,357
Other net income/(loss)	*5*	**992**	(2,023)
		98,498	99,729
Staff costs	*6*	**43,716**	31,838
Commission expenses		**37,112**	37,562
Operating leases for land and buildings		**12,027**	10,455
Other operating expenses	*7*	**24,994**	37,230
Total operating expenses		**117,849**	117,085
Operating loss		**(19,351)**	(17,356)
Finance costs	*8*	**(283)**	(1,516)
		(19,634)	(18,872)
Share of profits of associates	*17*	**24,046**	—
Profit/(loss) before taxation		**4,412**	(18,872)
Income tax	*9*	**—**	(896)
Profit/(loss) for the year from continuing operations		**4,412**	(19,768)
Discontinued operations			
Profit for the period from discontinued operations	*10*	**—**	8,834
Profit/(loss) for the year		**4,412**	(10,934)
Attributable to:			
Equity holders of the Company		**4,412**	(11,023)
Minority interests		**—**	89
		4,412	(10,934)
Earnings/(loss) per share			
Basic			
— From continuing and discontinued operations	*13(a)*	**HK0.97 cents**	(HK2.64 cents)
— From continuing operations	*13(a)*	**HK0.97 cents**	(HK4.74 cents)
— From discontinued operations	*13(a)*	**N/A**	HK2.10 cents
Diluted			
— From continuing and discontinued operations	*13(b)*	**HK0.97 cents**	(HK2.64 cents)
— From continuing operations	*13(b)*	**HK0.97 cents**	(HK4.74 cents)
— From discontinued operations	*13(b)*	**N/A**	HK2.08 cents

The notes on pages 31 to 97 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Profit/(loss) for the year		**4,412**	(10,934)
Other comprehensive income for the year:			
Available-for-sale financial assets			
— Change in fair value during the year	*19*	**—**	(133)
— Transfer to profit or loss on disposal		**—**	(2,558)
— Share of transfer to profit or loss on disposal from associates' investment revaluation reserve		**(23,883)**	—
Net movement in investment revaluation reserve		**(23,883)**	(2,691)
Exchange differences on translation of:			
— Financial statements of overseas subsidiaries		**—**	(17,621)
— Share of associates' exchange reserve		**21**	—
		21	(17,621)
		(23,862)	(20,312)
Total comprehensive income for the year		**(19,450)**	(31,246)
Total comprehensive income attributable to:			
Equity holders of the Company		**(19,450)**	(31,335)
Minority interests		**—**	89
Total comprehensive income for the year		**(19,450)**	(31,246)

The notes on pages 31 to 97 form part of these financial statements.

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Intangible assets	*14*	**1,319**	1,319
Fixed assets	*15*	**5,610**	7,752
Interests in associates	*17*	**125,874**	—
Other assets	*18*	**4,166**	3,600
		136,969	12,671
Current assets			
Financial assets at fair value through profit or loss	*21*	**2,491**	1,397
Taxation recoverable		**—**	177
Trade and other receivables	*22*	**230,076**	90,281
Bank balances and cash	*23*	**160,181**	188,130
		392,748	279,985
Current liabilities			
Trade and other payables	*27*	**88,297**	64,768
Current portion of obligations under finance lease	*26*	**—**	506
		88,297	65,274
Net current assets		**304,451**	214,711
Total assets less current liabilities		**441,420**	227,382
NET ASSETS		**441,420**	227,382
Capital and reserves			
Share capital	*24*	**53,434**	42,230
Other reserves	*25*	**334,626**	136,204
Retained earnings	*25*	**53,360**	48,948
TOTAL EQUITY		**441,420**	227,382

Approved and authorised for issue by the Board of Directors on 20th April 2010.

Zhao Hongwei	**Lau Mun Chung**
Director	Director

The notes on pages 31 to 97 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment in subsidiaries	*16*	**299,598**	220,009
Current assets			
Financial assets at fair value through profit or loss	*21*	**1,058**	570
Other receivables	*22*	**231**	513
Amounts due from subsidiaries	*16(a)*	**163,357**	57,656
Bank balances and cash	*23*	**4,369**	10,706
		169,015	69,445
Current liabilities			
Other payables	*27*	**528**	2,237
Amounts due to subsidiaries	*16(a)*	**27,379**	31,186
		27,907	33,423
Net current assets		**141,108**	36,022
Total assets less current liabilities		**440,706**	256,031
NET ASSETS		**440,706**	256,031
Capital and reserves			
Share capital	*24*	**53,434**	42,230
Other reserves	*25*	**391,400**	169,116
(Accumulated losses)/retained earnings	*25*	**(4,128)**	44,685
TOTAL EQUITY		**440,706**	256,031

Approved and authorised for issue by the Board of Directors on 20th April 2010.

Zhao Hongwei
Director

Lau Mun Chung
Director

The notes on pages 31 to 97 form part of these financial statements.

For the year ended 31st December 2009

		Attributable to equity holders of the Company				
	Note	**Share capital** HK$'000	**Other reserves** HK$'000	**Retained earnings** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
Balance at 1st January 2008		41,443	216,639	134,024	335	392,441
Total comprehensive income for the year		—	(20,312)	(11,023)	89	(31,246)
Shares issued under share option scheme	*24, 25*	787	6,141	—	—	6,928
Equity-settled share-based payment		—	(739)	—	—	(739)
Capital contribution from immediate holding company	*30*	—	2,372	—	—	2,372
Capital contribution from former ultimate holding company		—	1,420	—	—	1,420
2007 final dividend paid		—	—	(10,415)	—	(10,415)
Distribution in specie	*12*	—	(69,317)	(63,638)	(424)	(133,379)
Balance at 31st December 2008		42,230	136,204	48,948	—	227,382
Balance at 1st January 2009		42,230	136,204	48,948	—	227,382
Total comprehensive income for the year		—	(23,862)	4,412	—	(19,450)
Notional capital contribution arising on acquisition of an associate	*17*	—	18,676	—	—	18,676
Shares issued	*24, 25*	11,204	203,608	—	—	214,812
Balance at 31st December 2009		53,434	334,626	53,360	—	441,420

The notes on pages 31 to 97 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Net cash outflow from operating activities	*31(a)*	**(129,316)**	(11,407)
Investing activities			
Purchase of fixed assets	*15*	**(1,758)**	(26,387)
Sale of fixed assets		**—**	169
Sale of financial assets at fair value through profit or loss		**5,635**	1,206
Sale of available-for-sale financial assets		**—**	12,670
Dividends received from listed securities	*5*	**183**	197
Dividends received from an associate		**—**	1,719
Purchase of financial assets at fair value through profit or loss		**(5,368)**	(3,940)
Purchase of associates		**(56,276)**	—
Loan to an associate		**—**	(5,000)
Purchase of subsidiaries, net of cash and cash equivalents acquired	*31(b)*	**—**	(51)
Net cash outflow from investing activities		**(57,584)**	(19,417)
Financing activities			
Dividend paid		**—**	(10,415)
Distribution in specie	*31(c)*	**—**	(78,381)
Interest paid		**(283)**	(1,763)
Proceeds from shares issued		**164,074**	6,928
Repayment of loan notes		**—**	(42,525)
Repayments under finance leases		**(506)**	(537)
Advance from mortgage loan		**—**	12,798
Repayment of mortgage loan		**—**	(1,517)
Net cash inflow/(outflow) from financing activities		**163,285**	(115,412)
Decrease in cash and cash equivalents		**(23,615)**	(146,236)
Cash and cash equivalents at 1st January		**171,795**	334,572
Effect of foreign exchange rate changes		**—**	(16,541)
Cash and cash equivalents at 31st December	*23*	**148,180**	171,795
Analysis of balances of cash and cash equivalents			
Bank balances — general accounts and cash	*23*	**148,180**	171,795

The notes on pages 31 to 97 form part of these financial statements.

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 20th April 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

2.2 Basis of preparation

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation

The consolidated financial statements for the year ended 31st December 2009 comprise the Company and all its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

(a) Subsidiaries and minority interests

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (continued)

(b) Associates

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

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

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

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

2.4 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (continued)

(b) Transactions and balances

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

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

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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

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

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

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

2.6 Fixed assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Fixed assets (continued)

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2.7 Intangible assets

(a) Goodwill

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

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

(b) Trading rights

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets

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

2.9 Investments

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

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

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

(b) Loans and receivables

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

(c) Held-to-maturity investments

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

(d) Available-for-sale financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments (continued)

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

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

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

2.10 Trade and other receivables

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

2.11 Cash and cash equivalents

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Trade and other payables

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

2.13 Share capital

Ordinary shares are classified as equity.

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

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

2.14 Income tax

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Income tax (continued)

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

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

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

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

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

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

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

  — the same taxable entity; or

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

2.15 Employee benefits

(a) Employee leave entitlements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits (continued)

(b) Pension obligations

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

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

2.16 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income (see note 32.2).

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

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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 recognized in profit or loss as follows:

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

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

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

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

2.19 Leases

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

(a) Operating lease

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

(b) Finance lease

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

2.20 Dividend distribution

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

2.21 Related parties

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Related parties (continued)

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

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

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

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

2.22 Finance costs

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

2.23 Borrowings

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

2.24 Financial instruments not recognized in the statement of financial position

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

2.25 Fiduciary activities

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

2.26 Discontinued operations

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Discontinued operations (continued)

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

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

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

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised), Presentation of financial statements
- Amendments to HKFRS 7, Financial instruments: Disclosures — improving disclosures about financial instruments

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 5). Corresponding amounts have also been provided on a basis consistent with the revised segment information.

As a result of the adoption of HKAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 34.2(a) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. (see note 40).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Litigation

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

4.3 Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. For unlisted investments held by the associate, where direct market prices are not available, the fair value of such instruments is calculated on the basis of valuation techniques using current market parameters. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence can only be used as an indicator of value realisable in a future sale.

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

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

Total revenue recognised for the continuing operations and discontinued operations (see note 10) during the year is as follows:

	2009 HK$'000	2008 HK$'000
From continuing operations		
Turnover		
Fees and commission	**62,493**	68,706
Net revenue from foreign currency option trading	**475**	6,358
Net premium income from insurance broking	**384**	528
Swap interest and foreign exchange trading revenue	**8,201**	16,698
Interest income	**5,491**	7,990
Underwriting commission	**19,570**	78
Management, subscription and advisory fee income	**—**	37
	96,614	100,395
Other revenue		
Dividend income from listed securities	**183**	81
Other income	**709**	1,276
	892	1,357
Other net income/(loss)		
Net exchange losses	**(369)**	(239)
Net realised gains on financial assets at fair value through profit or loss	**417**	183
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	**944**	(1,967)
	992	(2,023)
	98,498	99,729

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

	2009 HK$'000	Period from 1st January 2008 to 27th November 2008 HK$'000
From discontinued operations		
Turnover		
Fees and commission	—	57,282
Net revenue from		
— foreign currency option trading	—	3,666
— bullion trading	—	83,329
Swap interest and foreign exchange trading revenue	—	79,613
Interest income	—	24,028
Management, subscription and advisory fee income	—	1,827
	—	249,745
Other revenue		
Dividend income from listed securities	—	116
Other income	—	62
	—	178
Other net income/(loss)		
Net exchange losses	—	(6,317)
Net realised gains on financial assets at fair value through profit or loss	—	7
Net unrealised losses on financial assets at fair value through profit or loss	—	(1,099)
Profit on disposal of available-for-sale financial assets	—	3,072
	—	(4,337)
	—	245,586

Segment information

The Group manages its businesses by divisions. On first-time adoption of HKFRS 8, Operating segments, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

Segment information (continued)

Continuing operations:

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

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

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

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

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

6. Asset management — managing private funds.

Discontinued operations:

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

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

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

In accordance with HKFRS 8, segment information has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of current and deferred tax assets and other corporate assets. Segment liabilities include trade creditors and accruals attributable to the operating activities of the individual segments.

The measure used for reporting segment results is earnings before finance costs and taxes ("EBIT"). To arrive at EBIT the Group's earnings are further adjusted for finance costs and items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

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

Segment information (continued)

Year ended 31st December 2009

	Continuing operations							Discontinued operations				
	Securities broking 2009 HK$'000	Corporate finance 2009 HK$'000	Leveraged foreign exchange trading/ broking in Hong Kong 2009 HK$'000	Commodities and futures broking 2009 HK$'000	Financial planning/ insurance broking in Hong Kong 2009 HK$'000	Asset management 2009 HK$'000	Sub-total 2009 HK$'000	Leveraged foreign exchange trading/ broking outside Hong Kong 2009 HK$'000	Financial planning outside Hong Kong 2009 HK$'000	Precious metal contracts trading/ broking 2009 HK$'000	Sub-total 2009 HK$'000	Total 2009 HK$'000
Turnover from external customers	**39,995**	**24,260**	**14,502**	**4,567**	**13,284**	**1**	**96,609**	**—**	**—**	**—**	**—**	**96,609**
Inter-segment turnover	**65**	**—**	**3**	**1**	**—**	**—**	**69**	**—**	**—**	**—**	**—**	**69**
Reportable segment turnover	**40,060**	**24,260**	**14,505**	**4,568**	**13,284**	**1**	**96,678**	**—**	**—**	**—**	**—**	**96,678**
Reportable segment results (EBIT)	**(1,760)**	**914**	**(10,105)**	**(3,010)**	**(1,168)**	**(160)**	**(15,289)**	**—**	**—**	**—**	**—**	**(15,289)**
Interest income from bank deposits	**13**	**1**	**16**	**1**	**2**	**1**	**34**	**—**	**—**	**—**	**—**	**34**
Interest expense	**(271)**	**(7)**	**(2)**	**(1)**	**(1)**	**—**	**(282)**	**—**	**—**	**—**	**—**	**(282)**
Depreciation for the year	**(497)**	**(256)**	**(1,516)**	**(127)**	**(39)**	**(40)**	**(2,475)**	**—**	**—**	**—**	**—**	**(2,475)**
Reportable segment assets	**252,603**	**25,014**	**70,115**	**23,878**	**18,171**	**4,435**	**394,216**	**—**	**—**	**—**	**—**	**394,216**
Additions to non-current segment assets during the year	**1,093**	**21**	**28**	**124**	**5**	**—**	**1,271**	**—**	**—**	**—**	**—**	**1,271**
Reportable segment liabilities	**76,296**	**10,837**	**1,316**	**4,550**	**6,660**	**26**	**99,685**	**—**	**—**	**—**	**—**	**99,685**

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

Segment information (continued)

Year ended 31st December 2008

	Continuing operations							Discontinued operations				
	Securities broking	Corporate finance	Leveraged foreign exchange trading/ broking in Hong Kong	Commodities and futures broking	Financial planning/ insurance broking in Hong Kong	Asset management	Sub-total	Leveraged foreign exchange trading/ broking outside Hong Kong	Financial planning outside Hong Kong	Precious metal contracts trading/ broking	Sub-total	Total
	2008	2008	2008	2008	2008	2008	2008	Period from 1st January 2008 to 27th November 2008				2008
	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)
Turnover from external customers	34,549	6,766	26,380	10,260	22,321	53	100,329	92,021	1,984	153,088	247,093	347,422
Inter-segment turnover	23	600	—	—	—	—	623	1,014	—	148	1,162	1,785
Reportable segment turnover	34,572	7,366	26,380	10,260	22,321	53	100,952	93,035	1,984	153,236	248,255	349,207
Reportable segment results (EBIT)	2,193	(2,491)	(3,562)	(208)	(786)	(946)	(5,800)	18,545	(7,034)	8,713	20,224	14,424
Interest income from bank deposits	496	34	570	84	50	16	1,250	1,295	160	492	1,947	3,197
Interest expense	(597)	(1)	(5)	(3)	(2)	—	(608)	—	—	(33)	(33)	(641)
Depreciation for the year	(479)	(224)	(1,793)	(94)	(209)	(38)	(2,837)	(591)	(493)	(1,843)	(2,927)	(5,764)
Reportable segment assets	123,672	10,236	84,423	32,369	13,858	4,713	269,271	—	—	—	—	269,271
Additions to non-current segment assets during the year	275	53	191	144	64	105	832	128	—	2,586	2,714	3,546
Reportable segment liabilities	45,332	966	3,016	10,030	7,353	145	66,842	—	—	—	—	66,842

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

Reconciliation of reportable turnover

Turnover	2009 HK$'000	2008 HK$'000 (restated)
From continuing operations		
Reportable segment turnover	**96,678**	100,952
Elimination of inter-segment turnover	**(69)**	(623)
Unallocated head office and corporate turnover	**5**	66
	96,614	100,395
From discontinued operations		
Reportable segment turnover	—	248,255
Elimination of inter-segment turnover	—	(1,162)
Unallocated head office and corporate turnover	—	2,652
	—	249,745
Consolidated turnover	**96,614**	350,140

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

Reconciliation of reportable results

	2009 HK$'000	2008 HK$'000 (restated)
Results		
From continuing operations		
Reportable segment loss	**(15,289)**	(5,800)
Elimination of inter-segment profits	**(3)**	(862)
Reportable segment loss derived from group's external customers	**(15,292)**	(6,662)
Share of profits of associates	**24,046**	—
Finance costs	**(283)**	(1,516)
Unallocated head office and corporate expenses	**(4,059)**	(10,694)
	4,412	(18,872)
From discontinued operations		
Reportable segment profit	—	20,224
Elimination of inter-segment profits	—	(379)
Reportable segment profit derived from group's external customers	—	19,845
Share of profits of associates	—	2,105
Finance costs	—	(247)
Unallocated head office and corporate revenues	—	(4,789)
	—	16,914
Consolidated profit/(loss) before taxation	**4,412**	(1,958)

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

Reconciliation of reportable assets and liabilities

	2009 HK$'000	2008 HK$'000
Assets		
Reportable segment assets	**394,216**	269,271
Elimination of inter-segment receivables	**(4,796)**	(402)
	389,420	268,869
Interests in associates	**125,874**	—
Tax recoverable	**—**	177
Unallocated head office and corporate assets	**14,423**	23,610
Consolidated total assets	**529,717**	292,656
Liabilities		
Reportable segment liabilities	**99,685**	66,842
Elimination of inter-segment payables	**(13,086)**	(5,600)
	86,599	61,242
Unallocated head office and corporate liabilities	**1,698**	4,032
Consolidated total liabilities	**88,297**	65,274

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's intangible assets, fixed assets, other assets and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the customers are located. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates.

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

Geographic information (continued)

	Revenues from external customers		Specified non-current assets	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000 (restated)
From continuing operations				
Hong Kong	**92,008**	92,748	**136,969**	12,671
Greater China (excluding Hong Kong)	**3,888**	3,483	**—**	—
Oceania	**290**	3,344	**—**	—
Switzerland	**—**	(850)	**—**	—
United Kingdom	**170**	1,042	**—**	—
Other countries	**258**	628	**—**	—
	96,614	100,395	**136,969**	12,671
From discontinued operations				
Hong Kong	**—**	98,925	**—**	—
Greater China (excluding Hong Kong)	**—**	156,387	**—**	—
Oceania	**—**	(680)	**—**	—
Switzerland	**—**	3,882	**—**	—
United States	**—**	103	**—**	—
United Kingdom	**—**	94	**—**	—
Other countries	**—**	(8,966)	**—**	—
	—	249,745	**—**	—
	96,614	350,140	**136,969**	12,671

6 STAFF COSTS

	Continuing operations		Discontinued operations		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	Period from 1st January 2008 to 27th November 2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Salaries and allowances	**42,731**	29,709	—	46,330	**42,731**	76,039
Equity-settled share-based payments *(note 30)*	—	1,239	—	394	—	1,633
Defined contribution plans *(note 28)*	**985**	890	—	1,217	**985**	2,107
	43,716	31,838	—	47,941	**43,716**	79,779

Staff costs include directors' emoluments as set out in note 29.

7 OTHER OPERATING EXPENSES

	2009 HK$'000	2008 HK$'000
From continuing operations:		
Auditors' remuneration		
— Audit service	**1,613**	4,556
— Non-audit service	**400**	566
Bad debts written (back)/off	**(201)**	640
Depreciation	**3,738**	3,434
Equipment rental expenses	**5,471**	5,948
Loss/(profit) on disposal of fixed assets	**162**	(271)

	2009 HK$'000	2008 HK$'000
From discontinued operations:		
Auditors' remuneration		
— Audit service	—	2,611
— Non-audit service	—	292
Bad debts written off	—	636
Depreciation	—	3,534
Equipment rental expenses	—	781
Loss on disposal of fixed assets	—	937

8 FINANCE COSTS

	2009 HK$'000	2008 HK$'000
From continuing operations:		
Interest on bank overdrafts	**7**	94
Interest on bank loans	**259**	497
Interest on other loans	**—**	908
Interest on obligation under finance leases	**17**	17
	283	1,516

	2009 HK$'000	2008 HK$'000
From discontinued operations:		
Interest on bank overdrafts	**—**	1
Interest on bank loans	**—**	214
Interest on other loans	**—**	—
Interest on obligation under finance leases	**—**	32
	—	247

9 INCOME TAX

No Hong Kong profits tax has been made for the current year as the Group companies either sustained a loss for taxation purposes or their tax losses brought forward exceeded their assessable profits for the current year. Hong Kong profits tax had been provided at the rate of 16.5% in 2008 on the estimated assessable profits for the prior year. Taxation on overseas profits in 2008 had been calculated on the estimated assessable profits for the prior year at the rates of taxation prevailing in the countries in which the Group operated.

9 INCOME TAX (CONTINUED)

The amount of taxation charged to the consolidated income statement:

	Continuing operations		Discontinued operations		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	Period from 1st January 2008 to 27th November 2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Current taxation:						
— Hong Kong profits tax	—	—	—	599	—	599
— Overseas taxation	—	—	—	7,135	—	7,135
— One-off tax reduction in respect of prior year	—	(56)	—	(27)	—	(83)
— Under-provision in respect of prior year	—	43	—	132	—	175
	—	(13)	—	7,839	—	7,826
Deferred taxation: *(note 20)*						
— Origination and reversal of temporary differences	—	(72)	—	245	—	173
— Deferred tax expenses arising from the write-down of deferred tax assets	—	929	—	—	—	929
— Effect of decrease in tax rate on deferred tax balances at 1st January	—	52	—	(4)	—	48
	—	909	—	241	—	1,150
Taxation expenses	—	896	—	8,080	—	8,976

9 INCOME TAX (CONTINUED)

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

	Continuing operations		Discontinued operations		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	Period from 1st January 2008 to 27th November 2008 HK$'000	**2009 HK$'000**	2008 HK$'000
(Loss)/profit before taxation (excluding share of profits of associates)	**(19,634)**	(18,872)	**—**	14,809	**(19,634)**	(4,063)
Notional tax on (loss)/profit before taxation, calculated at the rate applicable to profits in the countries concerned	**(3,240)**	(3,114)	**—**	4,644	**(3,240)**	1,530
Tax effect of income not subject to taxation purposes	**(200)**	(1,287)	**—**	(482)	**(200)**	(1,769)
Tax effect of expenses not deductible for taxation purposes	**124**	515	**—**	642	**124**	1,157
Utilisation of previously unrecognised tax losses	**(154)**	(108)	**—**	—	**(154)**	(108)
Derecognition of deferred tax assets	**—**	929	**—**	—	**—**	929
Effect on opening deferred tax balances resulting from a decrease in tax rate during the period	**—**	52	**—**	(4)	**—**	48
Tax losses for which no deferred income tax assets were recognised	**3,225**	3,922	**—**	3,175	**3,225**	7,097
One-off tax reduction in respect of prior year	**—**	(56)	**—**	(27)	**—**	(83)
Under-provision in respect of prior year	**205**	43	**—**	132	**205**	175
Others	**40**	—	**—**	—	**40**	—
Taxation expenses	**—**	896	**—**	8,080	**—**	8,976

10 GROUP REORGANISATION AND DISCONTINUED OPERATIONS

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

Pursuant to the resolution passed by the independent shareholders in the special general meeting held on 17th November 2008, a Group Reorganisation was approved. On 27th November 2008, the Group Reorganisation and the Agreement were completed. As a result, Sinoday acquired 218,650,000 shares of the Company from HHL and became the holding company of the Company.

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

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

10 GROUP REORGANISATION AND DISCONTINUED OPERATIONS (CONTINUED)

The results of the discontinued operations during the period are set out below. The discontinued operations ceased before 1st January 2009 and therefore there is no result presented for the current year.

	Note	**Period from 1st January 2008 to 27th November 2008** HK$'000
Turnover	*5*	249,745
Other revenue	*5*	178
Other net income	*5*	(4,337)
		245,586
Staff costs	*6*	47,941
Commission expenses		121,252
Operating leases for land and buildings		9,755
Other operating expenses		51,582
Total operating expenses		230,530
Operating profit		15,056
Finance costs		(247)
		14,809
Share of profits of associates	*17*	2,105
Profit before taxation		16,914
Income tax		
— Current taxation		(7,839)
— Deferred taxation	*20*	(241)
Profit for the period		8,834

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

	Period from 1st January 2008 to 27th November 2008 HK$'000
Operating activities	(156,315)
Investing activities	(20,489)
Financing activities	66,034
Net cash outflow	(110,770)

11 PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$48,813,000 (2008: profit of HK$15,661,000).

12 DIVIDENDS

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

	2009 **HK$'000**	2008 HK$'000
Distribution in specie *(note (a))*	—	133,379

Dividends payable to equity holders of the Company attributable to previous financial year:

	2009 **HK$'000**	2008 HK$'000
Final dividend paid in respect of the previous financial year on shares issued under share option schemes subsequent to the date of the statement of financial position and before the close of the Register of Members of the Company, of nil cents (2008: HK2.5 cents) per share	—	22

Note:

(a) Details of the net assets of HPL Group distributed by the Group in the form of a distribution in specie are set out in note 31(c) to the financial statements.

13 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of HK$4,412,000 (2008: loss of HK$11,023,000) and the weighted average of 456,285,123 ordinary shares (2008: 417,335,626 ordinary shares) in issue during the year, calculated as follows:

(i) Profit/(loss) attributed to ordinary equity shareholders of the Company

	2009 HK$000	2008 HK$000
Earnings/(loss) for the year from continuing operations	**4,412**	(19,768)
Earnings for the year from discontinued operations	**—**	8,745
Earnings/(loss) for the year attributable to equity holders of the Company	**4,412**	(11,023)

(ii) Weighted average number of ordinary shares

	2009	2008
Issued ordinary shares at 1st January	**422,303,000**	414,430,000
Effect of new shares issued during the year	**33,982,123**	2,905,626
Weighted average number of ordinary shares at 31st December	**456,285,123**	417,335,626

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of HK$4,412,000 (2008: loss of HK$11,023,000) and the weighted average number of ordinary shares of 456,285,123 shares (2008: 419,947,100 shares), calculated as follows:

(i) Profit/(loss) attributed to ordinary equity shareholders of the Company (diluted)

	2009 HK$000	2008 HK$000
Earnings/(loss) for the year from continuing operations	**4,412**	(19,768)
Earnings for the year from discontinued operations	**—**	8,745
Earnings/(loss) for the year attributable to equity holders of the Company	**4,412**	(11,023)

13 EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted earnings/(loss) per share (continued)

(ii) Weighted average number of ordinary shares (diluted)

	2009	2008
Weighted average number of ordinary shares	**456,285,123**	417,335,626
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**—**	2,611,474
Weighted average number of ordinary shares (diluted) at 31st December	**456,285,123**	419,947,100

14 INTANGIBLE ASSETS

		Group					
	Note	**Stock Exchange trading rights** HK$'000	**Futures Exchange trading right** HK$'000	**Membership of The Chinese Gold & Silver Exchange Society** HK$'000	**Computer system** HK$'000	**Goodwill on acquisition of subsidiaries** HK$'000	**Total** HK$'000
Cost							
At 1st January 2008		913	406	180	—	5,372	6,871
Acquisition of a subsidiary	*31(b)*	—	—	—	—	45	45
Additions		—	—	—	600	—	600
Distribution in specie		—	—	(180)	(600)	(5,417)	(6,197)
At 31st December 2008, 1st January 2009 and 31st December 2009		913	406	—	—	—	1,319
Accumulated impairment losses							
At 1st January 2008		—	—	—	—	—	—
Charge for the year		—	—	—	—	399	399
Distribution in specie		—	—	—	—	(399)	(399)
At 31st December 2008, 1st January 2009 and 31st December 2009		—	—	—	—	—	—
Carrying amount							
At 31st December 2009		913	406	—	—	—	1,319
At 31st December 2008		913	406	—	—	—	1,319

15 FIXED ASSETS

	Group					
	Freehold land and building HK$'000	Leasehold improvements HK$'000	Furniture & fixtures HK$'000	Office & computer equipment HK$'000 (*note a*)	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1st January 2008	2,525	8,523	6,187	19,045	3,939	40,219
Additions	20,515	777	377	2,528	2,190	26,387
Disposals	—	(1,903)	(844)	(4,165)	(460)	(7,372)
Distribution in specie	(21,020)	(3,196)	(3,138)	(6,382)	(3,768)	(37,504)
Exchange difference	(2,020)	(51)	(437)	(948)	(52)	(3,508)
At 31st December 2008 and 1st January 2009	—	4,150	2,145	10,078	1,849	18,222
Additions	—	—	67	1,691	—	1,758
Disposals	—	—	—	(1,611)	—	(1,611)
At 31st December 2009	—	4,150	2,212	10,158	1,849	18,369
Accumulated depreciation						
At 1st January 2008	182	3,502	2,523	11,420	2,612	20,239
Charge for the year	166	2,221	1,068	2,875	638	6,968
Disposals	—	(972)	(701)	(3,804)	(460)	(5,937)
Distribution in specie	(281)	(2,439)	(1,645)	(3,688)	(1,550)	(9,603)
Exchange difference	(67)	(66)	(296)	(722)	(46)	(1,197)
At 31st December 2008 and 1st January 2009	—	2,246	949	6,081	1,194	10,470
Charge for the year	—	1,272	367	1,637	462	3,738
Disposals	—	—	—	(1,449)	—	(1,449)
At 31st December 2009	—	3,518	1,316	6,269	1,656	12,759
Net book value						
At 31st December 2009	—	632	896	3,889	193	5,610
At 31st December 2008	—	1,904	1,196	3,997	655	7,752

15 FIXED ASSETS (CONTINUED)

	Company			
	Leasehold improvements HK$'000	**Furniture & fixtures** HK$'000	**Office & computer equipment** HK$'000	**Total** HK$'000
Cost				
At 1st January 2008	150	235	149	534
Disposals	(150)	(235)	(149)	(534)
At 31st December 2008, 1st January 2009 and 31st December 2009	—	—	—	—
Accumulated depreciation				
At 1st January 2008	82	161	70	313
Charge for the year	39	14	15	68
Disposals	(121)	(175)	(85)	(381)
At 31st December 2008, 1st January 2009 and 31st December 2009	—	—	—	—
Net book value				
At 31st December 2009 and 31st December 2008	—	—	—	—

(a) At the end of the reporting period, the net book value of office and computer equipment held under finance leases of the Group was HK$nil (2008: HK$861,465).

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2009 **HK$'000**	2008 HK$'000
Investment at cost, unlisted shares	**299,598**	220,009

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

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The following is a list of subsidiaries at 31st December 2009:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held directly	Interest held indirectly
Cinda International FX Limited ("CIFX")	Hong Kong	Leveraged foreign exchange trading in Hong Kong	100 ordinary shares of HK$1 each, and 100,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Securities Limited ("CISL")	Hong Kong	Securities broking and margin financing services in Hong Kong	100,000,100 ordinary shares of HK$1 each, and 50,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Futures Limited ("CIFL")	Hong Kong	Commodities and futures broking in Hong Kong	40,000,100 ordinary shares of HK$1 each, and 10,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Investment Consultant Limited ("CIIC")	Hong Kong	Financial planning in Hong Kong	3,000,100 ordinary shares of HK$1 each, and 5,500,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Asset Management Limited ("CIAM")	Hong Kong	Asset management in Hong Kong	7,000,100 ordinary shares of HK$1 each, and 2,000,000 non-voting deferred shares of HK$1 each	—	100%
Cinda Asset Management (Cayman) Limited ("CAMCL")	Cayman Islands	Asset management in Hong Kong	1 ordinary share of US$1 each	—	100%
Cinda International Capital Limited ("CICL")	Hong Kong	Corporate finance services in Hong Kong	4,000,100 ordinary shares of HK$1 each, and 21,000,000 non-voting deferred shares of HK$1 each	—	100%
Chinacorp Nominees Limited ("CNL")	Hong Kong	Provide administrative support services in Hong Kong	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	—	100%
Cinda International Wealth Management Advisor Limited ("CIWM")	Hong Kong	Financial planning and insurance broking in Hong Kong	500,000 ordinary shares of HK$1 each	—	100%
Cinda Strategic (BVI) Limited ("CSBVIL")	British Virgin Islands	Investment holding in Hong Kong	50,000 ordinary shares of US$1 each	100%	—
Cinda (BVI) Limited ("CBVIL")	British Virgin Islands	Investment holding in Hong Kong	7 ordinary shares of US$1 each	100%	—
Cinda International Direct Investment Limited ("CIDI")	British Virgin Islands	Investment holding in Hong Kong	1,000 ordinary shares of US$1 each	100%	—

17 INTERESTS IN ASSOCIATES

	Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets at 1st January	**—**	9,740
Share of associates' results for the year *(note 10)*		
— profit before taxation	**33,749**	3,044
— taxation	**(9,703)**	(939)
	24,046	2,105
Share of associates' other comprehensive income for the year	**(23,862)**	—
	184	11,845
Acquisition of an associate	**125,690**	—
Transfer to available-for-sale financial assets *(note 19)*	**—**	(849)
Dividend income from an associate	**—**	(1,719)
Exchange difference	**—**	(353)
Share of net assets at 31st December/27th November	**125,874**	8,924
Loan to an associate	**—**	10,000
Goodwill	**—**	548
Distribution in specie *(note 31(c))*	**—**	(19,472)
Interests in associates	**125,874**	—

On 11th December 2009, Cinda International Direct Investment Limited, a wholly-owned subsidiary of the Company, acquired 40% of the issued share capital of Sino-Rock Investment Management Company Limited ("Sino-Rock"), a company incorporated in Hong Kong with limited liability, from an intermediate holding company of the Company.

The consideration of the acquisition was satisfied by:

(i) HK$55,150,000 in cash; and

(ii) 27,575,000 shares of the Company issued to the intermediate holding company (representing a fair value of HK$50,738,000 as at 11th December 2009).

As both the Company and the intermediate holding company are ultimately controlled by China Cinda Asset Management Corporation, the above transaction is considered as a business combination involving entities under common control. The Company adopted book value accounting to account for the acquisition, i.e. the excess of the net assets of Sino-Rock of HK$125,690,000 as at 11th December 2009 over the cost of acquisition of HK$107,014,000 (being cash consideration plus fair value of the Company's shares issued plus directly attributable costs) is recognised as a notional capital contribution of HK$18,676,000.

17 INTERESTS IN ASSOCIATES (CONTINUED)

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

Name	Particulars of issued shares held	Country of incorporation	Effective equity interest to the Group
2009			
Sino-Rock Investment Management Company Limited ("Sino-Rock")*	18,000,000 ordinary shares of HK$1 each	Hong Kong	40%

* From 11th December 2009 to 31st December 2009.

Summary financial information on associate	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit/(loss) after tax HK$'000
Sino-Rock				
100 per cent	**629,059**	**314,373**	**118,396**	**57,345**
Group's effective interest	**251,624**	**125,749**	**34,693**	**24,046**

Name	Particulars of issued shares held	Country of incorporation	Effective equity interest to the Group
2008			
Hantec Jiangdu Riverside Developing Zone Water Industry Limited ("HJRDZWIL")#	2,000 ordinary shares of HK$1 each	Hong Kong	20%
元太外匯經紀股份有限公司 ("元太")#	2,400,000 ordinary shares of NT$10 each	Taiwan	20%

From 1st January 2008 to 27th November 2008.

Summary financial information on associates	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit/(loss) after tax HK$'000
HJRDZWIL				
100 per cent	—	—	3,515	(5)
Group's effective interest	—	—	703	(1)
元太				
100 per cent	—	—	44,995	10,530
Group's effective interest	—	—	8,999	2,106

18 OTHER ASSETS

	Group	
	2009	2008
	HK$'000	HK$'000
Stock Exchange stamp duty deposit	**150**	150
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited	**110**	100
Statutory deposits and deposits with the Hong Kong Futures Exchange Limited ("HKFE")	**1,550**	1,500
Statutory deposits with the Hong Kong Securities and Futures Commission ("SFC")	**50**	150
Reserve fund deposit with the SEHK Options Clearing House Limited	**1,897**	1,500
Rental deposit	**109**	—
Others	**100**	—
	4,166	3,600

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2009	2008
	HK$'000	HK$'000
Fair value of listed and unlisted securities held for non-trading purposes		
At 1st January	**—**	12,293
Transfer from interest in an associate *(note 17)*	**—**	849
Disposals	**—**	(12,158)
Revaluation deficit transferred to equity	**—**	(133)
Distribution in specie *(note 31(c))*	**—**	(851)
At 31st December	**—**	—

20 DEFERRED INCOME TAX

The gross movements on the deferred income tax account are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Beginning of the year	**—**	(1,379)
Deferred taxation charged to income statement		
— from continuing operations *(note 9)*	**—**	909
— from discontinued operations *(note 10)*	**—**	241
Distribution in specie *(note 31(c))*	**—**	229
End of the year	**—**	—

The movements in deferred tax assets and liabilities during the year are as follows:

	Group		
	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
At 1st January 2008	1,379	(2,758)	(1,379)
(Credited)/charged to income statement	(566)	1,716	1,150
Distribution in specie *(note 31(c))*	(233)	462	229
At 31st December 2008	580	(580)	—
(Credited)/charged to income statement	(144)	144	—
At 31st December 2009	436	(436)	—

Unrecognised tax losses and temporary differences as at 31st December 2009 are HK$66,241,960 (2008: HK$48,260,723) and HK$656,634 (2008: HK$26,600) respectively. The tax losses do not expire under current tax legislation.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Equity securities listed in Hong Kong, at market value	**2,491**	1,397	**1,058**	570

22 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables from clients	**72,576**	35,126	**—**	—
Less: impairment allowance for trade receivables *(note (b))*	**—**	(283)	**—**	—
Margin and other trade related deposits with brokers and financial institutions *(note (c))*	**22,193**	30,797	**—**	—
Margin finance loans *(note (d))*	**126,585**	8,757	**—**	—
Trade receivables from clearing houses	**1**	11,018	**—**	—
Total trade receivables, net	**221,355**	85,415	**—**	—
Deposits	**3,336**	3,523	**—**	—
Prepayments and other receivables	**5,467**	1,343	**231**	513
Less: impairment allowance for other receivables *(note (b))*	**(82)**	—		
Total trade and other receivables	**230,076**	90,281	**231**	513

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

(a) As at 31st December 2009, the aging analysis of the trade receivables is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current	**212,121**	85,091
30–60 days	**511**	183
Over 60 days	**8,723**	141
	221,355	85,415

(b) The movements in the impairment allowance during the year are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At 1st January	**283**	394
Impairment loss charged	**—**	1,276
Reversal of impairment loss	**(201)**	—
Uncollectible amounts written off	**—**	(357)
Exchange difference	**—**	(141)
Distribution in specie	**—**	(889)
At 31st December	**82**	283

22 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The Group undertakes foreign exchange transactions and executes client trades on overseas commodities and futures contracts with recognised counterparties, local or overseas brokers as appropriate. A recognised counterparty is a counterparty of a licensed leveraged foreign exchange trader recognised under the Hong Kong Securities and Futures Ordinance which includes authorised institutions under the Hong Kong Banking Ordinance. Trade receivables at 31st December 2009 and 2008 include margin deposits and floating profits/losses in respect of transactions and open positions in leveraged foreign exchange and commodities and futures trading with recognised counterparties and brokers and are considered current. For those cash securities trading clients, it normally takes two to three days to settle after trade execution. These outstanding unsettled trades due from clients are reported as trade receivables.

(d) The margin clients of the securities broking business are required to pledge their shares to the Group for credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of shares acceptable by the Group. The fair value of shares accepted as collateral amounted to HK$351,018,539 (2008: HK$69,595,740). No securities held as collateral have been repledged to secure the Group's bank facilities.

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

(f) The Group maintains designated accounts with the SEHK Options Clearing House Limited ("SEOCH") and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 31st December 2009, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$2,389,871 (2008: HK$2,079,030) and HK$13,486,350 (2008: HK$20,780,880) respectively.

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

(h) The effective interest rate charged on trade receivables and margin loans as at the end of the reporting period ranged from 5% to 13% per annum (2008: 5% to 13%). The effective interest rate for margins and other trade related deposits is 0.01% per annum (2008: 0.01%).

23 BANK BALANCES AND CASH

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand	**14**	12	**—**	—
Bank balances				
— pledged	**12,001**	16,335	**—**	—
— general accounts	**148,166**	171,783	**4,369**	10,706
	160,167	188,118	**4,369**	10,706
	160,181	188,130	**4,369**	10,706
By maturity:				
Bank balances				
— current and savings accounts	**148,166**	171,783	**4,369**	10,706
— fixed deposits				
(maturing within three months)	**12,001**	16,335	**—**	—
	160,167	188,118	**4,369**	10,706

As at 31st December 2009, bank deposits amounting to HK$12,000,608 (2008: HK$11,707,315) have been pledged to a bank as security for the provision of a HK$50 million (2008: HK$22 million) securities broking facility. In addition, bank deposits amounting to HK$nil (2008: HK$4,627,544) have been pledged to financial institutions as security for the provision of leveraged foreign exchange broking.

The subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31st December 2009, segregated trust accounts not otherwise dealt with in these financial statements amounted to HK$248,763,153 (2008: HK$100,817,093).

Cash and cash equivalents

	Group	
	2009	2008
	HK$'000	HK$'000
Cash in hand	**14**	12
Bank balances		
— pledged	**12,001**	16,335
— general accounts	**148,166**	171,783
Cash and cash equivalents in the consolidated statement of financial position	**160,181**	188,130
Bank balances		
— pledged	**(12,001)**	(16,335)
Cash and cash equivalents in the consolidated statement of cash flow	**148,180**	171,795

24 SHARE CAPITAL

	2009		2008	
	No. of shares	**Nominal value**	No. of shares	Nominal value
	'000	**HK$'000**	'000	HK$'000
Authorised				
Ordinary shares of HK$0.10 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid				
Ordinary shares of HK$0.10 each				
At 1st January	**422,303**	**42,230**	414,430	41,443
Shares issued during the year	**112,035**	**11,204**	7,873	787
At 31st December	**534,338**	**53,434**	422,303	42,230

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

On 14th August 2009, 75,594,000 shares were issued to the immediate holding company for cash at $2 each and 8,866,000 shares were issued to another shareholder for cash at $2 each.

On 11th December 2009, 27,575,000 shares were issued to an intermediate holding company as part of the purchase consideration for the Company's associates as disclosed in note 17.

Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on monthly or semi-annually basis as required. During the current and prior financial years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R. A subsidiary of the Company is authorized by the China Securities Regulatory Commission (the "CSRC") to deal in "B" shares. The CSRC stipulated a minimum amount of net assets of RMB50 million to be maintained. During the year, the subsidiary maintained net assets over such requirement.

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

24 SHARE CAPITAL (CONTINUED)

Capital management (continued)

The Group did not have any loan outstanding as at 31st December 2009 (2008: HK$nil). The Group also strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the end of the reporting period, the current ratio was 444.8% (2008: 428.9%).

The net debt-to-adjusted capital ratios at 31st December 2009 and 2008 are as follows:

	Note	**2009 HK$'000**	2008 HK$'000
Current liabilities:			
Trade and other payables	*27*	**88,297**	64,768
Obligations under finance leases	26	—	506
Total debt		**88,297**	65,274
Less: Cash and cash equivalents	*23*	**(148,180)**	(171,795)
Excess cash and cash equivalents		**(59,883)**	(106,521)
Total equity and adjusted capital		**441,420**	227,382
Net debt-to-adjusted capital ratio		**N/A**	N/A

25 RESERVES

	Note	Group Share premium HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st January 2008, as per above		104,570	102,518	2,559	6,992	134,024	350,663
Total comprehensive income for the year		—	—	(2,691)	(17,621)	(11,023)	(31,335)
2007 final dividend paid		—	—	—	—	(10,415)	(10,415)
Shares issued under share option scheme		7,731	(1,590)	—	—	—	6,141
Equity-settled share-based transactions							
— share options vested in the year		—	577	—	—	—	577
— eliminated on cancellation		—	(1,316)	—	—	—	(1,316)
Capital contribution from immediate holding company		—	2,372	—	—	—	2,372
Capital contribution from former ultimate holding company		—	1,420	—	—	—	1,420
Distribution in specie		—	(80,078)	132	10,629	(63,638)	(132,955)
At 31st December 2008		112,301	23,903	—	—	48,948	185,152
Balance at 1st January 2009		112,301	23,903	—	—	48,948	185,152
Shares issued		203,608	—	—	—	—	203,608
Total comprehensive income for the year		—	—	(23,883)	21	4,412	(19,450)
Notional capital contribution arising on acquisition of an associate		—	18,676	—	—	—	18,676
At 31st December 2009		315,909	42,579	(23,883)	21	53,360	387,986
At 31st December 2009							
Company and subsidiaries		315,909	42,579	—	—	29,314	387,802
Associate		—	—	(23,883)	21	24,046	184
		315,909	42,579	(23,883)	21	53,360	387,986
At 31st December 2008							
Company and subsidiaries		112,301	23,903	—	—	48,948	185,152
Associate		—	—	—	—	—	—
		112,301	23,903	—	—	48,948	185,152

25 RESERVES (CONTINUED)

		Company				
	Note	**Share premium** HK$'000	**Capital reserve** HK$'000	**Contributed surplus** HK$'000	**Accumulated (losses)/ retained earnings** HK$'000	**Total** HK$'000
At 1st January 2008		104,570	2,329	133,101	39,439	279,439
Shares issued under share option scheme		7,731	(1,590)	—	—	6,141
Equity-settled share-based transactions						
— share options vested in the year		—	577	—	—	577
— eliminated on cancellation		—	(1,316)	—	—	(1,316)
Capital contribution from immediate holding company	*30*	—	2,372	—	—	2,372
Capital contribution from former ultimate holding company		—	1,420	—	—	1,420
Profit for the year	*11*	—	—	—	15,661	15,661
2007 final dividends paid		—	—	—	(10,415)	(10,415)
Distribution in specie		—	—	(80,078)	—	(80,078)
At 31st December 2008		112,301	3,792	53,023	44,685	213,801
Shares issued		203,608	—	—	—	203,608
Notional capital contribution arising on acquisition of an associate		—	18,676	—	—	18,676
Loss for the year	*11*	—	—	—	(48,813)	(48,813)
At 31st December 2009		315,909	22,468	53,023	(4,128)	387,272

(a) Capital reserve

The capital reserve of the Group represents (i) capital contribution from the Company's shareholders, (ii) notional capital contribution from Company's shareholders arising on acquisition of an associate, (iii) the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iv) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company. All share options were cancelled in prior year.

(b) Contributed surplus

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

(c) Investment revaluation reserve

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

25 RESERVES (CONTINUED)

(d) Distributable reserves

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

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

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

26 OBLIGATIONS UNDER FINANCE LEASE

At 31st December 2009, the Group's finance lease liabilities are repayable as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	—	523
	—	523
Future finance charges on finance leases	—	(17)
Present value of finance lease liabilities	—	506

The present value of finance lease liabilities is as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	—	506

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payable to securities trading clients	**56,579**	41,563	**—**	—
Margin and other deposits payable to clients	**3,882**	9,736	**—**	—
Trade payable to brokers and clearing houses arising from the ordinary course of business of broking in securities, commodities and futures contracts and leveraged foreign exchange trading	**11,048**	321	**—**	—
Total trade payables	**71,509**	51,620	**—**	—
Accruals and other payables	**16,788**	13,148	**528**	2,237
Total trade and other payables	**88,297**	64,768	**528**	2,237

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

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

The effective interest rate paid on trade payables as at the end of the reporting period is 0.01% per annum (2008: 0.01%).

28 DEFINED CONTRIBUTION PLANS — MPF SCHEME

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

	2009	2008
	HK$'000	HK$'000
Gross employer's contributions	**1,111**	2,121
Less: Forfeited contributions utilised to offset employer's contribution for the year	**(126)**	(14)
Net employer's contributions charged to income statement	**985**	2,107

29 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' and senior management's emoluments

The remuneration of the directors for the year ended 31st December 2009 is set out below:

Name of Director	Fee	Basic salaries, other allowances and benefits in kind	Discretionary bonuses	Share-based payments	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Chen Xiaozhou	300	—	—	—	—	300
Gao Guanjiang	300	—	—	—	—	300
Gu Jianguo	240	—	—	—	—	240
Zhao Hongwei	300	2,400	400	—	12	3,112
Gong Zhijian	240	1,800	300	—	12	2,352
Lau Mun Chung	240	1,560	260	—	12	2,072
Chow Kwok Wai	240	—	—	—	—	240
Hung Muk Ming	240	—	—	—	—	240
Chen Gongmeng	240	—	—	—	—	240
Wang Tongsan	240	—	—	—	—	240
	2,580	5,760	960	—	36	9,336

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

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

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

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

Notes:

1. Appointed on 2nd December 2008.

2. Resigned on 23rd December 2008.

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

(b) Five highest paid individuals

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

	2009 **HK$'000**	2008 HK$'000
Basic salaries, other allowances and benefits in kind	**2,172**	1,116
Bonus	**318**	50
Defined contribution plans	**24**	12
	2,514	1,178

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

	Number of individuals	
	2009	2008
Emolument bands		
HK$1,000,001 — HK$1,500,000	**2**	1

30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

All options granted in prior years have been cancelled on 23rd December 2008 upon acceptance by the option holders of a cash offer at HK$0.364 per option by the immediate holding company. Upon cancellation of these options, an amount of HK$154,000 that would have been recognised over the remainder of the vesting period was immediately expensed. Payment made to the employees on cancellation was accounted for as a deduction from capital reserve HK$1,316,000, except to the extent that payment exceeded the fair value of share options granted being recognised as an expense HK$1,056,000. The aggregate payment made by the immediate holding company to the employees of HK$2,372,000 was accounted for as a capital contribution from the immediate holding company (see note 25).

During the year ended 31st December 2009, no share options were granted.

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2009 **HK$'000**	2008 HK$'000
Profit/(loss) before taxation from continuing operations	**4,412**	(18,872)
Profit before taxation from discontinued operations	—	16,914
Operating profit/(loss) before taxation	**4,412**	(1,958)
Depreciation	**3,738**	6,968
Impairment of goodwill	—	399
(Appreciation)/diminution in value of financial assets at fair value through profit or loss	**(944)**	3,066
Profit on disposal of financial assets at fair value through profit or loss	**(417)**	(190)
Profit on disposal of available-for-sale financial assets	—	(3,072)
Interest expenses	**283**	1,763
Dividend income from listed securities	**(183)**	(197)
Share of profits of associates	**(24,046)**	(2,105)
Loss on disposal of fixed assets	**162**	666
Write back of provision for clawback	**(143)**	(2)
(Write-back of)/impairment loss for bad and doubtful debts	**(201)**	1,276
Equity-settled share-based payment expenses	—	1,633
Capital contribution from former ultimate holding company	—	1,420
Decrease in fixed deposits with maturity over three months	—	4,885
Decrease/(increase) in pledged deposits	**4,334**	(629)
Operating (loss)/profit before working capital changes	**(13,005)**	13,923
(Increase)/decrease in other assets	**(566)**	90
(Increase)/decrease in trade and other receivables	**(139,594)**	272,435
Increase/(decrease) in trade and other payables	**23,672**	(290,994)
Cash outflow from operations	**(129,493)**	(4,546)
Hong Kong profits tax refunded/(paid)	**177**	(3,982)
Overseas tax paid	—	(2,879)
Net cash outflow from operating activities	**(129,316)**	(11,407)

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Purchase of subsidiaries:

	2009 HK$'000	2008 HK$'000
Net assets acquired		
Trade and other receivables	—	6
Bank balances and cash — general accounts	—	1,254
	—	1,260
Goodwill arising on acquisition *(note 14)*	—	45
Total purchase price	—	1,305
Satisfied by:		
Cash	—	1,305

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

	2009 HK$'000	2008 HK$'000
Cash consideration	—	(1,305)
Cash and bank balances acquired	—	1,254
Cash outflow	—	(51)

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Discontinued operations:

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

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

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

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

32 CONTINGENT LIABILITIES

32.1 Outstanding litigation cases

The following litigation cases are outstanding up to the date of this report. Under the Agreement mentioned in note 10, HHL and the then chairman of the Company have undertaken to indemnify and keep indemnified the Company on a fully indemnified basis of any loss or liability suffered by the Group as a result of or in connection with the outstanding litigation cases. Therefore no provision has been made.

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

(b) An indirect wholly owned subsidiary of the Company received a writ of summons dated 25th March 2006 from two clients jointly as plaintiffs claiming for damages against it and two of its licensed representatives for an amount of HK$20,600,000 together with cost as a result of a number of leverage exchange trading transactions. Defence action has been commenced and no further development has been made up to the date of this report.

(c) A writ of summons dated 11th July 2006 was served to two indirect wholly owned subsidiaries and one then subsidiary of the Company as defendant by a former account executive claiming (being the plaintiff) against the above three companies for a total of HK$700,000 as his rightful overriding commissions together with interest and/or alternatively, damages to be assessed. The Company has instructed its legal advisors to commence defence on the claim. The legal advisors are of the view that the Company has a reasonably good defence in this case. Up to the date of this report, there has been no further development.

32.2 Financial guarantees issued

(a) As at the end of the reporting period, a subsidiary of the Company engaging in securities broking and providing securities margin financing has secured banking facilities from certain authorized institutions for a total amount of HK$168 million (2008: HK$257 million). The Company has issued corporate guarantees for a total principal amount of HK$116 million (2008: HK$255 million) for these facilities. As at 31st December 2009, the subsidiary utilized HK$nil (2008: HK$nil) of these aggregate banking facilities.

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

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

33 LEASE COMMITMENTS

At 31st December 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Others	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**4,815**	9,300	**—**	134
After one year but within five years	**349**	4,490	**—**	—
	5,164	13,790	**—**	134

34 FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

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

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

(a) Foreign exchange risk

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

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

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (continued)

(a) Foreign exchange risk (continued)

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

	Japanese Yen HK$'000	United States Dollars HK$'000	Euro HK$'000	Pound Sterling HK$'000	New Zealand Dollar HK$'000	Australian Dollar HK$'000	Others HK$'000
At 31st December 2009							
Trade and other receivables	126	22,124	—	—	—	—	111
Cash and cash equivalents	2	33,356	26	—	—	—	—
Trade and other payables	—	(138)	—	—	—	(6)	(111)
Net exposure arising from recognised net assets	128	55,342	26	—	—	(6)	—
Notional amounts of short positions in leveraged foreign exchange contracts	(51,004)	—	(89,332)	(28,669)	(25,758)	(29,749)	(20,401)
Notional amounts of long positions in leveraged foreign exchange contracts	39,618	—	90,005	27,653	25,531	29,679	21,072
Notional amounts of short positions in foreign exchange option contracts	—	—	—	—	—	(4,900)	(15,658)
Notional amounts of long positions in foreign exchange option contracts	168	—	—	—	—	4,900	15,658
Net exposure arising from foreign exchange transactions	(11,218)	—	673	(1,016)	(227)	(70)	671
Overall net exposure	(11,090)	55,342	699	(1,016)	(227)	(76)	671

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (continued)

(a) Foreign exchange risk (continued)

	Japanese Yen HK$'000	United States Dollars HK$'000	Euro HK$'000	Pound Sterling HK$'000	New Zealand Dollar HK$'000	Australian Dollar HK$'000	Others HK$'000
At 31st December 2008							
Trade and other receivables	2,751	28,052	1	—	—	—	—
Cash and cash equivalents	2	16,910	9,484	—	—	—	—
Trade and other payables	—	(227)	(4)	—	—	—	(12)
Net exposure arising from recognised net assets	2,753	44,735	9,481	—	—	—	(12)
Notional amounts of short positions in leveraged foreign exchange contracts	(24,695)	—	(40,223)	(26,660)	(20,961)	(3,487)	(17,846)
Notional amounts of long positions in leveraged foreign exchange contracts	26,287	—	40,114	25,392	19,707	3,755	16,681
Notional amounts of short positions in foreign exchange option contracts	—	—	—	—	—	—	—
Notional amounts of long positions in foreign exchange option contracts	—	—	—	—	—	—	—
Net exposure arising from foreign exchange transactions	1,592	—	(109)	(1,268)	(1,254)	268	(1,165)
Overall net exposure	4,345	44,735	9,372	(1,268)	(1,254)	268	(1,177)

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (continued)

(a) Foreign exchange risk (continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2009 Appreciation/ depreciation of foreign currencies	**2009** Effect on profit before tax HK$'000	2008 Appreciation/ depreciation of foreign currencies	2008 Effect on profit before tax HK$'000
Japanese Yen	**+ 10%**	**(1,109)**	+ 10%	434
	– 10%	**1,109**	– 10%	(434)
Euro	**+ 10%**	**70**	+ 10%	937
	– 10%	**(70)**	– 10%	(937)
Pound Sterling	**+ 10%**	**(102)**	+ 10%	(127)
	– 10%	**102**	– 10%	127
New Zealand Dollar	**+ 10%**	**(23)**	+ 10%	(126)
	– 10%	**23**	– 10%	126
Australian Dollar	**+ 10%**	**(8)**	+ 10%	27
	– 10%	**8**	– 10%	(27)

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax and equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2008.

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

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (continued)

(b) Price risk

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

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 21). The Group's listed investments are listed on the Stock Exchange of Hong Kong and are included in the Hang Seng Index.

At 31st December 2009, it is estimated that an increase/(decrease) of 10% (2008: 10%) in the relevant stock market index, with all other variables held constant, would have increased/decreased the Group's profit after tax as follows:

The Group

Change in the relevant equity price risk variable:		**2009 Effect on profit after tax HK$'000**		2008 Effect on profit after tax HK$'000
Increase	10%	**249**	10%	140
Decrease	(10%)	**(249)**	(10%)	(140)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax that would arise assuming the changes in the stock market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the reporting date.

(c) Credit risk

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

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

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (continued)

(d) Liquidity risk

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

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

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	After 1 year but within 5 years HK$'000
At 31st December 2009				
Trade and other payables	88,297	88,297	88,297	—
At 31st December 2008				
Trade and other payables	64,768	64,768	64,768	—
Obligations under finance leases	506	523	523	—
	65,274	65,291	65,291	—

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

(e) Interest rate risk

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

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (continued)

(e) Interest rate risk (continued)

The Interest rate profile of the Group at the end of the reporting period.

	2009 Effective interest rate	**2009 HK$'000**	2008 Effective interest rate	2008 HK$'000
Assets				
Bank balances	**0.01%**	**112,865**	0.01%	131,988
Margin finance loans	**5.00%–13.00%**	**126,585**	5.00%–13.00%	8,757
		239,450		140,745
Liabilities				
Net fixed rate borrowing:				
Obligations under finance leases	**—**	**—**	6.23%–7.32%	506
Net fixed rate borrowings as a percentage of total net borrowings		**N/A**		100%
Sensitivity analysis				
Assume interest rate increased/ (decreased) by		**0.25%**		(0.01%)
Profit before tax increased/ (decreased) by		**599**		(14)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 25 basis points increase (2008: 1 basis point decrease) represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 Fair values

(a) Financial instruments carried at fair value

The amendments to HKFRS 7, Financial Instruments: Disclosures, require disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

At 31st December 2009, the only financial instruments of the Group and the Company carried at fair value were financial assets at fair value through profit or loss of HK$2,491,000 and HK$1,058,000 respectively listed on the Stock Exchange of Hong Kong (see note 21). These instruments fall into Level 1 of the fair value hierarchy described above.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st December 2009 and 2008.

(c) Fair value estimation

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

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

35. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

35.1 Related party and connected party transactions

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

	2009 **HK$'000**	2008 HK$'000
Miscellaneous expenses *(note (a))*	—	(213)
License fee for software programs *(note (b))*	**(960)**	(80)
Maintenance services expenses *(note (c))*	**(301)**	(47)
Commission expenses *(note (d))*	**(570)**	—
Placing commission income *(note (e))*	**976**	—
Commission income *(note (f))*	**315**	—

(a) During the year, the Group incurred HK$nil (2008: HK$213,000) to purchase Chinese paintings as souvenirs from a company in which the former Chairman of the Group held a 70% equity interest. The amount was charged at normal commercial terms.

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

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

(d) An intermediate holding company charged commission to a subsidiary of the Group that arising from the ordinary course of business of corporate finance.

(e) The Group charged placing commission income to its immediate holding company for corporate finance services provided.

(f) The Group received commission income from related company of $280,762 and immediate holding company of $34,376 for providing securities broking services.

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

35. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS (CONTINUED)

35.2 Compensation of key management personnel

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

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**12,958**	14,637
Share-based payments	**—**	1,414
	12,958	16,051

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

36 CAPITAL COMMITMENTS

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

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted but not provided for	**1,573**	—

37 COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

38 IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31st December 2009, the directors consider the immediate parent and ultimate controlling party of the Group to be Sinoday Limited and China Cinda Asset Management Corporation, which are incorporated in the British Virgin Islands and the People's Republic of China respectively. These entities do not produce financial statements available for public use.

39 SUBSEQUENT EVENT

On 5th March 2010, the board of directors of the Company decided to cease providing leveraged foreign exchange trading services to its clients. The Directors consider that the Group can utilize the resources saved from the provision of leveraged foreign exchange trading business to develop the remaining businesses of the Group which the Directors are of the view have higher business potential.

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2009

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31st December 2009 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 3 (Revised), Business combinations	1st July 2009
Amendments to HKAS 27, Consolidated and separate financial statements	1st July 2009
Amendments to HKAS 39, Financial instruments: Recognition and measurement — Eligible hedged items	1st July 2009
HK(IFRIC) 17, Distributions of non-cash assets to owners	1st July 2009
Improvements to HKFRSs 2009	1st July 2009 or 1st January 2010
Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards — Additional exemptions for first-time adopters	1st January 2010
Amendments to HKFRS 2, Share-based payment — Group cash-settled share-based payment transactions	1st January 2010
Amendments to HKAS 32, Financial instruments: Presentation — Classification of rights issues	1st February 2010
HK(IFRIC) 19, Extinguishing financial liabilities with equity instruments	1st July 2010
HKAS 24 (Revised), Related party disclosures — Consequential amendment to HKFRS 8 "Operating segments"	1st January 2011
Amendments to HK(IFRIC) 14, HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction — Prepayments of a minimum funding requirement	1st January 2011
HKFRS 9, Financial instruments	1st January 2013

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

FIVE YEAR FINANCIAL SUMMARY

Year ended 31st December

Results	**2009 HK$'000**	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Profit/(loss) attributable to equity shareholders	**4,412**	(11,023)	40,357	52,269	27,447

As at 31st December

Assets and liabilities	**2009 HK$'000**	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
Total assets	**529,717**	292,656	911,687	779,401	409,209
Total liabilities	**(88,297)**	(65,274)	(519,246)	(423,634)	(118,116)
Total equity	**441,420**	227,382	392,441	355,767	291,093

Notes:

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

2. Segregated trust accounts maintained by the Group to hold clients' monies are treated as items not recognised in the statement of financial position and netted off against the corresponding amounts classified under accounts payable.

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