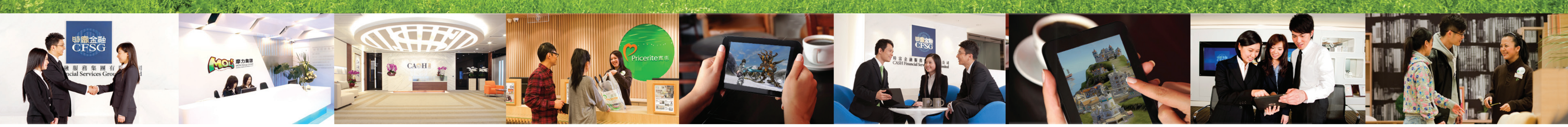
CASH

Celestial Asia Securities Holdings Limited
(Stock Code: 1049)



2010 Annual Report

Contents

CORPORATE PROFILE

We, at the CASH Group (1049.HK), position ourselves as a services developer. We have a proven track record of delivering innovative award-winning premier services that China needs. We aim to exceed our customers' expectation and deliver unparalleled satisfaction. This is part of the culture of our 2,000 staff at 13 different locations throughout China.

MOBILE INTERNET — MOLI GROUP

We are now focused on developing Mobile Internet services for China. For the last six years, our Moli Group, based out of Shanghai, has built itself into a platform for research and development of online games to be reckoned with. Moli Group has 300 dedicated staff and award-winning online games, with two much-anticipated online games to be rolled out in 2011.

With the Moli Group platform in place, we are now focused to capture China's announced "convergence" of its internet, mobile and cable television services, which is part of an irreversible global phenomenon. The current market size for online games alone runs into the billions of dollars. With the advent of smartphones and an expanding mobile subscriber size three times that of the United States, China is poised for an unprecedented take off for Mobile Internet services.

We will capture a host of the Mobile Internet value chain activities from contents, online games, casual online games, social networking services, including through our tie up with Goldman Sachs, Morgan Stanley and Oak Investment Partners invested Oberon Media. Oberon Media is an indisputable global leader for casual online games through multi-platforms and beyond.

FINANCIAL SERVICES — CFSG

CFSG (510.HK) is a fully-fledged financial services house in China. Headquartered in Hong Kong, CFSG has built a solid foothold in China with six offices in various strategic first-tier cities, namely Beijing, Chongqing, Shanghai, Shenzhen, Xiamen and Xian. We have also expanded the team to around 200 wealth management professionals across these cities. With our comprehensive product offerings, international management experience, and award-winning operating platform, we cater for the investment and wealth management needs of our clients anytime, anywhere.

RETAIL AND FRANCHISING — PRICERITE

Pricerite is a leading one-stop home furnishing specialist in Hong Kong. Through our comprehensive network of outlets, we are committed to offering value-for-money products and quality services that exceed customer expectations. With our viable business model suited to the major trend among middle-income earners for stylish yet practical home furnishings in place, Pricerite is poised for a fast take-off in China's emerging consumer market.

For more information,
please visit www.cash.com.hk.


CASH


Pricerite實惠

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
KWAN Pak Hoo Bankee
(Chairman & CEO)
LAW Ping Wah Bernard *(CFO)*
NG Kung Chit Raymond *(COO)*

Independent Non-executive:
LEUNG Ka Kui Johnny
WONG Chuk Yan
CHAN Hak Sin

AUDIT COMMITTEE

LEUNG Ka Kui Johnny
(committee chairman)
WONG Chuk Yan
CHAN Hak Sin

REMUNERATION COMMITTEE

LEUNG Ka Kui Johnny
(committee chairman)
WONG Chuk Yan
KWAN Pak Hoo Bankee

COMPANY SECRETARY

LUKE Wing Sheung Suzanne, FCIS

AUTHORISED REPRESENTATIVES
KWAN Pak Hoo Bankee
LAW Ping Wah Bernard
(alternate: LUKE Wing Sheung Suzanne)

PRINCIPAL BANKERS
The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited
Nanyang Commercial Bank, Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants

SOLICITORS
Sidley Austin

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
28/F Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
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STOCK CODE ON MAIN BOARD
1049

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to report to you that during the last year, the CASH Group enjoyed solid growth and development despite keen competition. I believe that our performances demonstrate our resilience based on adoption of appropriate strategies for our businesses and the excellence of our people in implementing them. We, at CASH Group, are all firmly committed to delivering customer satisfaction and value to our shareholders on a sustainable basis. This commitment also requires us to continually assess the developments of the macro-economic environments of where we do business, especially of China, and to reinvent and reinvigorate ourselves as a services developer of premier services for China. This is necessary for our vision to lead and not follow the competition.

In this connection, following a strategic review during the last year, I have determined to expand our Moli Group from an online games platform into a Mobile Internet services provider for China. We have spent the last six years in developing the Moli Group, based out of Shanghai, into an award winning online games platform with 300 dedicated personnel and a database of some 40 million subscribers. There are two further and much anticipated award winning online games that are to be rolled out in due course. As China has announced the national policy of Internet "convergence" with mobile and cable television or the "three convergence policy", it is opportune to focus our efforts to expand the Moli Group into Mobile Internet services. In fact, China is already the world's largest mobile subscriber market with over 800 million subscribers. This is about three times the size of the United States market. With the advent of smartphones and their penetration into the China market over the last two years, convergence of the Internet with mobile services is not only a phenomenon, but inevitable in China. The online games market in China for 2010 alone was estimated to be around US$5b market. The casual games market for mobile is clearly going to be much more significant. Overall, Mobile Internet services include contents, online games, casual mobile games, social networking and other value added services like ecommerce. What we are trying to achieve has no parallels in China. We are aiming to build an integrated end-to-end Mobile Internet platform to capture all these value chain activities.


時機把握
時富投資集團有限公司

In this regard, we announced in February of this year, Moli Group's tie-up with Oberon Media Group invested by Goldman Sachs, Morgan Stanley and Oak Investment Partners. Oberon Media Group is an indisputable global leader for casual mobile games. It has set an industry standard on games and related contents with its game solutions being adopted by some of the world's innovative corporations including Microsoft, AT&T, Electronic Arts, Orange France and Yahoo!. Oberon Media Group's platform combines casual and social game content, merchandizing and features to fulfill other specific needs. In short, Moli Group will be ten percent tied in with the Oberon Media Group. This includes our recent agreement to acquire a mobile platform with 20 million subscribers for thematic downloads, casual games and social networking. With our existing database of 40 million subscribers, we are building a database of some 60 million subscribers for our Mobile Internet services, including for online and mobile games and social networking services, which are amongst the most lucrative Mobile Internet activities. This is only our beginning.

In relation to our associates, CASH Financial Services Group (CFSG) (HK:510) for financial services in China and Pricerite for retail and franchise services in China, we have, over the past decade, developed and evolved them into leadership positions within their respective industries along with their own board representations and management teams. With the implementation of China's 12th Five-Year Plan (from 2011 to 2015), we also believe it is the right time for these established businesses to expand further in China.

Headquartered in Hong Kong, CFSG has already built a strong foothold in China with six offices at various strategic first-tier cities namely, Beijing, Chongqing, Shanghai, Shenzhen, Xiamen and Xian. CFSG has also expanded its team to around 200 wealth management professionals across these cities. As China is dedicated to developing domestic consumption through structured investments, we believe that a sizeable investment and wealth management market will soon emerge in China. We strongly believe that CFSG's fully-fledged product and service offerings, international management experience,

and state-of-the-art operating platform catering for the investment and wealth management needs of clients anytime, anywhere, will enable CFSG to play a leading role in expansion and satisfaction of the financial services need of clients in China.

For Pricerite, it is a leading retail services brand in China. Its business model revolves around targeting the expanding middle class in China with stylish yet practical home furnishings. As the 12th Five-Year Plan requires the expansion of domestic consumption, including unlocking both urban and rural spending potentials, Pricerite is poised for a rapid business expansion in China. In fact, the quality of Pricerite products and management expertise have resulted in a tie up with OrientHome, which is the second largest building materials provider in China and expansion of Pricerite's franchise business in China with the first phase involving up to 200 franchise stores in China.

I believe that you will agree with me that these are exciting times ahead of us as long as we work realistically and seize the opportunities to deliver what China needs in a way that satisfies the demands of the people of China in an innovative manner and taking advantage of the macro developments of China, including under the 12th Five-Year Plan which is in our business as a services developer to be in tune with.

As a Total Caring Organisation, people are our most important asset. I would like to thank all my staff team for their diligence and contribution to the CASH Group's development and solid foundation during the past year. I would also like to thank my Board of Directors for their leadership and unreserved dedication to the Group.

Yours sincerely,

Bankee Kwan

Bankee P Kwan
Chairman & CEO

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Upon the disposal of a total 2.94% equity interest in CFSG by the substantial shareholder and two Directors of the Company on 11 October 2010, the voting power of the Group in CFSG was dropped from 52.88% to 49.94%. Accordingly CFSG has ceased as a subsidiary of the Group and became the Group's associate with effect from 11 October 2010. As such, the revenue and operating results of CFSG for the whole year of 2010 had not been included in the Group's consolidated statement of comprehensive income. The operating results of CFSG for the period from 1 January 2010 to 10 October 2010 and for the period subsequent to 10 October 2010 were, respectively, disclosed as profit (loss) for the year from discontinued operations and share of results of associates.

During the year under review, the Group's Financial Services Business and CRMG Group had benefited from the economic recovery in the local market which had bottomed out from last year's financial crisis amid the current challenging environments and uncertainties arising from the recent Europe's sovereign debt crisis. The online game market in the PRC remained competitive. The Group had continued to implement stringent cost controls over its operations to contain its operating loss during the year under review.

Overall, the Group recorded a net profit attributable to the owners of the Company of HK$50.8 million for the year ended 31 December 2010, a more than double of HK$20.8 million (as restated) for the previous year.

FINANCIAL SERVICES

The robust recovery in the stock market in 2009 could no longer be sustainable in early 2010. The local and global stock markets turned sluggish soon after the news relating to Europe's sovereign debt crisis first came to light. The public finances of the five European countries including Greece which had deteriorated badly in recent years led to their credit ratings lowered and triggered worries about another new credit crunch that might result from their huge debts not being met when falling due. While the worry that a double dip recession caused by this new round of financial crisis had badly hit the local stock market, it was further battered by the harsh austerity measures adopted by the Chinese government to rein in rising inflation and to slash sky-high property prices across the country. The drops in both liquidity and market turnover had reflected the investors' cautious reaction to China's several increases to banks' reserve requirement ratios since the beginning of the year. However, the quantitative easing policies and economic stimulus measures adopted by the central banks in several developed countries

aiming at stimulating the economy ultimately caused an abundant influx of fund into Asian region including Hong Kong. The excessive capital influx was driving up the assets and commodities prices. In the second half of the year under review, there was a sharp rebound in the trading volume of the local stock market. The trading volume of the local stock market in the year under review was about 10.9% higher that that of the previous year. Furthermore, fund-raising and mergers and acquisitions activities in Hong Kong were vigorous during the year under review and Hong Kong had successfully maintained its position as the largest listing market by fund-raising size in the world with about a record-high HK$445 billion raised in 2010. For the year ended 31 December 2010, the Group's Financial Services Business recorded revenue of HK$283.0 million as compared to HK$249.0 million for the previous year. The increase in revenue during the year under review was mainly attributable to the remarkable performance of its Investment Banking Division. During the year under review, the Group's Financial Services Business recorded a profit of HK$32.6 million as compared to HK$8.4 million for the previous year.

RETAIL AND FRANCHISING — CRMG GROUP

Thanks to the quantitative easing monetary policies and economical stimulus measures adopted by the governments all over the world, the overall economic performance in Hong Kong had remained positive throughout the year under review amid the uncertainties in the external business environment including the recent financial turmoil in the euro zone countries having adversely affected the pace of the growth in exports to the region. The improvement in the city's labour market had kept the same pace with the economic recovery with the unemployment rate in Hong Kong falling to its recent record low of 4.0% by the end of 2010 after reaching its recent peak of 5.4% in June 2009. To ride on the gradual improvement of the local economy and the resilience of the labour market, CRMG Group has accelerated its growth strategies to expand its retail network in Hong Kong by opening 7 new stores during the year to 35 stores at the end of the year. The boom in the local property market recently had also in part accounted for the growth in CRMG Group's revenue, especially the sales of its great value-for-money furnishing products. All-year-round products plan of CRMG Group had made its time-to-market sales strategy fruitful during the year under review. In particular, the unexpected prolonged humid season in the spring of the year helped boost the sales performance of the electronic appliance products. In addition, CRMG Group has received a one-off compensation from the Urban Renewal Authority for the early termination of tenancy of our store located in Kwun Tong Town Centre to make way for the Kwun Tong Redevelopment Project. Together with our introduction of recent brand rejuvenation, consistent improvement in our customer services, stringent product quality control and operational effectiveness, CRMG Group was pleased to record revenue of HK$1,011.2 million, representing a notable 19.1% growth as compared to HK$849.1 million last year. For the year ended 31 December 2010, CRMG Group recorded a profit of HK$47.7 million as a result of the substantial growth in revenue largely contributed by the aforesaid factors.

MOBILE INTERNET — MOLI GROUP

For the year ended 31 December 2010, Moli Group's revenue fell by 56.7% year-on-year to HK$13.8 million, as compared to HK$31.9 million last year. Facing keen competition in the PRC online game industry but at the same time having already become one of leading online game developers and operators in this huge and fast growing market, Moli Group had pursued a sustainable growth strategy to enrich its portfolio of self-developed online games in a variety of styles to extend its player base in both the PRC and overseas markets and to capture the ample business opportunities emerging from the recent tremendous growth in mobile data transmission and associate mobile data services in China soon after the Central government's policy to converge the three networks, namely television broadcasting, telecom and internet, and to promote the use of 3G services. Throughout the whole year of 2010, Moli Group had dedicated most of its resources to developing two proprietary online games which have been scheduled to be launched in 2011 and expanding its business into mobile internet sector by mergers and acquisitions to build a cross-platform mobile internet powerhouse with a complete value chain infrastructure consisting of superior game design and development capabilities, operation and distribution channel. With its current short-term income being foregone in exchange for much greater long-term earnings in the years ahead by developing more proprietary online games and by diversifying its current business into a cross-platform mobile internet business, Moli Group had continued to maintain stringent cost controls over its operations to contain the loss for the year to HK$7.8 million, as compared to the loss of HK$33.4 million (as restated) for the last corresponding year. Moli Group will continue to launch new online games, either developed in-house or licensed from local or overseas developers, on a regular basis on various styles of storylines and designs to expand and diversify its game portfolio and to capture the lucrative opportunities in this fast growing mobile internet industry. Moli Group will take strict defensive measures to combat the operations of illegal pirate servers and hacking to secure the stability of Moli Group's normal operations.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's equity attributable to owners of the Company amounted to HK$512.2 million as at 31 December 2010 as compared to HK$360.6 million at the end of the previous year. The increase in equity was due to recorded profit for the year and issue of new shares due to partial conversion of convertible notes by substantial shareholder, exercise of share options and completion of top-up placing in August 2010.

As at 31 December 2010, the Group had total interest bearing borrowings of approximately HK$190.7 million, as compared to HK$601.7 million at the end of the previous year. The decrease in the borrowings was mainly due to the fact that CFSG's borrowings which had been included in the Group's total borrowings as at 31 December 2009 were no longer consolidated in the borrowings of the Group as at 31 December 2010.

As at 31 December 2010, our cash and bank balances totalled HK$82.0 million as compared to HK$1,131.8 million at the end of the previous year. The decrease in the cash balances was mainly due to the fact that CFSG's bank balances

which had been included in the Group's total bank balance as at 31 December 2009 were no longer consolidated in the bank balances of the Group as at 31 December 2010. The liquidity ratio on 31 December 2010 was 0.5 time after reclassifying term loans from non-current liabilities to current liabilities in order to comply with the requirements as set out in Hong Kong Interpretation 5 "Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause".

The gearing ratio, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, was 0.37 on 31 December 2010 as compared to 0.92 on 31 December 2009, which was kept at a conservatively low level. On the other hand, we have no material contingent liabilities at the year-end.

FOREIGN EXCHANGE RISKS

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

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any material acquisitions or disposals during the year ended 31 December 2010.

Subsequent to the balance sheet date on 11 January 2011, the Group announced a discloseable transaction relating to acquisition of a 51% equity interest in Yole Wireless Technology (Hongkong) Co., Limited (the holding company for mobile digital entertainment business in the PRC) at the consideration of RMB81,600,000 (equivalent to approximately HK$95,602,560). The consideration will be settled as to 50% in cash and as to 50% by the issue of the Company's new shares.

On 12 February 2011, the Group announced a share transaction involving formation of joint venture with a US online game developer relating to acquisition of 89.7% equity interest in Oberon Information Technology (Suzhou) Co. Ltd. and deemed disposal of 10.3% equity interest in the Moli Group. The consideration for the transaction was USD10,000,000 (equivalent to approximately HK$77,800,000) to be settled as to 70% by issue of Moli Group's consideration shares and as to 30% by issue of the Company's new shares.

The above two transactions have not yet completed.

CAPITAL COMMITMENT

As at 31 December 2010, the Group did not have any material outstanding capital commitment.

MATERIAL INVESTMENTS

As at 31 December 2010, the Group was holding a portfolio of listed investments and unlisted investment funds with market values of approximately HK$1.9 million and net loss on listed investments and unlisted investment funds totally of HK$2.1 million was recorded for the year.

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

MANAGEMENT DISCUSSION AND ANALYSIS

MOBILE INTERNET — MOLI GROUP

Business Overview

Moli, established in 2005 and headquartered in Shanghai, is dedicated to becoming the ultimate end-to-end mobile internet powerhouse. Through building on Moli's proven track record in online games development, we will further thrive on the unique value proposition within the China market as an internationally managed company with access rights to China's lucrative online games market and an integrated platform with a full value chain to cover upstream (content), midstream (operations) and downstream (distribution channels) activities. Moli Group has around 300 dedicated employees, a portfolio of award-winning online games and a database of some 40 million subscribers.

Leveraging this unparalleled platform for growth, Moli has recently secured international support in a joint venture with Goldman Sachs, Morgan Stanley and Oak Investments invested Oberon Media, a US global mobile game developer. We have started to expand our mobile platform through the merger and acquisition strategy, acquiring 51% of Injoy Information Technology Company's mobile digital entertainment content provider, Yole. We are also extending our self-developed online games portfolio. Moli intends to continue this three-fold strategic approach of international joint ventures, M&A and self-developed products, with the goal of becoming the premier delivery channel in China for online and mobile games, social networking and other value-added services.

Market Overview

Since 2000s, mobile internet services globally, and in particular China, has been showing strong upward potential for growth, propelled by the rapid uptake of smartphones. Smartphones are mobile handsets with more advanced computing capabilities and connectivity than basic "feature" phones. Examples of smartphones include Apple's iPhone, Research in Motion's Blackberry and Google Android-based phones. Technology market research company iSuppli forecasts global smartphone shipments will increase 2.5 times (CAGR 24.6%) from 2009-13, with units rising from less than 200 million in 2009 to 444.5 million by 2013.

Supporting this substantial growth expectation, global smartphone shipments overtook PC shipments in 2010 Q4, another significant indicator of the popularity of this mobile internet technology and of the emerging global trend for mobile internet services to meet people's computing and connectivity needs.

China, a Key Mobile Internet Market

We expect China to be a powerful engine driving such growth and to lead all other global regions in smartphone shipment. Major factors driving this assessment include a low current rate of smartphone penetration compared with the global situation, the country's increasing 3G capabilities, and the Chinese government's favourable three-network convergence policy.

I. Penetration rate

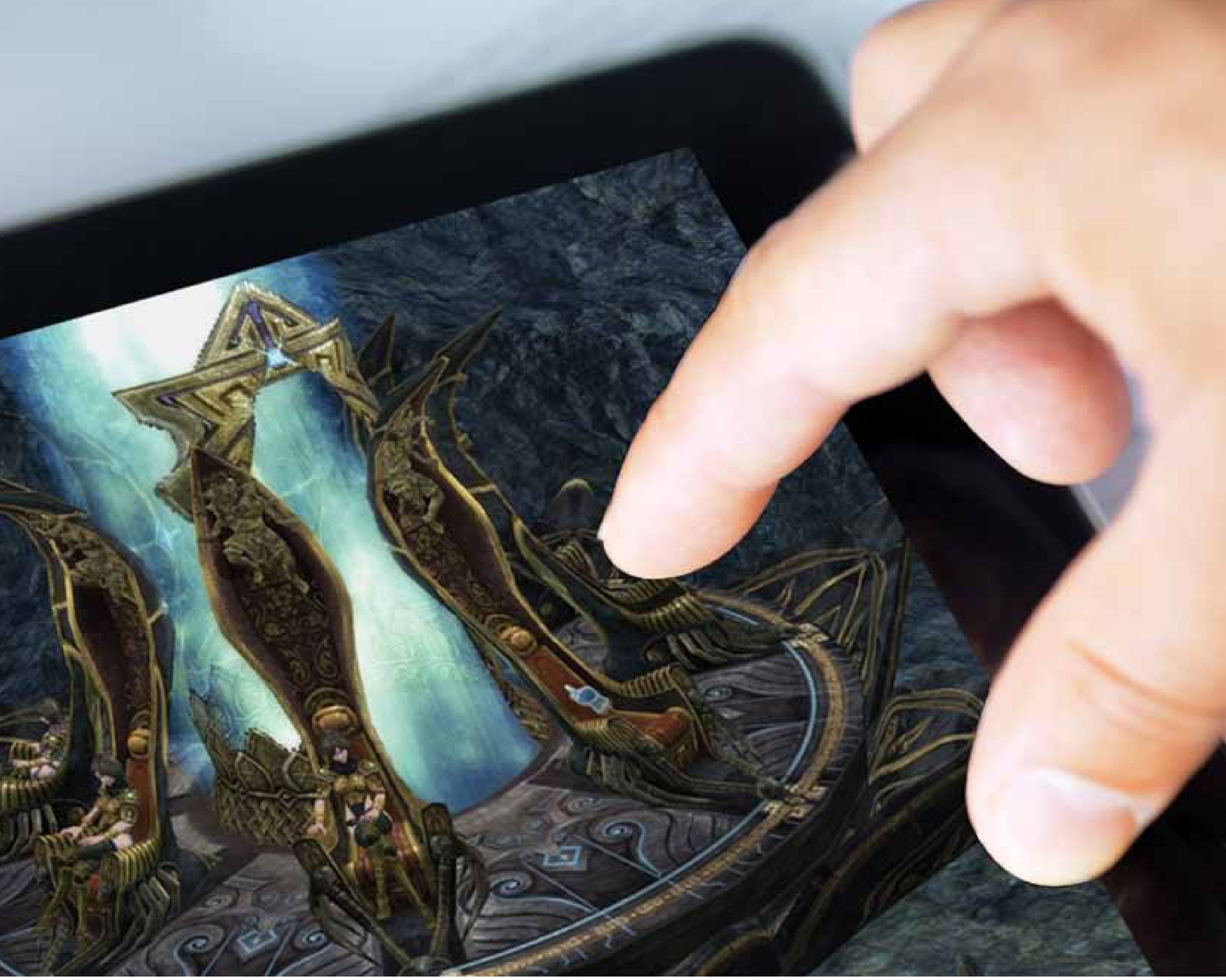
The current rate of smartphone penetration in China is 10%, well below the global penetration rate of 18%. With its booming economy and a population keen to adopt new technology, we believe China presents fast-moving growth opportunities for smartphone sales and market potential to overtake the global penetration rate. Evidence of demand can be seen in the exponential growth of the country's mobile internet users. From 2009–10, the mobile internet user population rose from 233 million to 303 million, an increase of 30% over one year, according to the China Internet Network Information Center (CNNIC). Market research analysts expect this rising trend to continue and to positively impact the smartphone sector, with China smartphone shipment forecast to grow to 63.6 million units by 2013, a three-fold increase from 2009 (CAGR 31.6%), according to iSuppli.

II. 3G capabilities

Boosting such potential is the Chinese government's endeavour to upgrade the country's telecommunications infrastructure to assist the economy, encouraging consumption through mobile networks as network capabilities grow more sophisticated. In moving from 2.5G to 3G and from a data rate of 384 kb/s to 2mb/s, new opportunities are opening up for data services. Advancing service provision from SMS and MMS, 3G facilitates mobile application usage and enables innovative applications, services and business models to emerge along with the transmission of rich content such as instant messaging, music, video and interactive games. The 3G standard also opens the way for significantly better security protection for users.

III. Three-network convergence

A further Chinese government move with exciting development implications for the mobile internet market is the implementation of the country's three-network convergence policy. In January 2010, the State Council announced the acceleration of the integration of telecommunications, broadcast television and internet in China's highly regulated media and communications market. Substantial resources will be allocated to assist this goal, which is part of the country's 12th five-year plan (2011–2015). We believe the policy is set to propel forward the mobile internet business environment and provide more space for growth by helping to introduce novel services and driving consumption. It is expected to further accelerate 3G development and provide a gateway for a widening range of mobile products and services to cater for burgeoning subscriber demand, and also to support long-term development of the sector.



Market Size in China

China's mobile application market has shown impressive financial growth over the past five years. While it recorded RMB24.5 billion in 2007, the market is forecast to reach RMB89 billion in 2011, a rise of 48.09% year on year from 2010 and double the amount generated in 2009, according to China Computer World Research Co., Ltd. and Game Publication Committed of the General Administration of Press and Publication. Within the country's mobile application market, we believe phone games to provide the greatest growth potential, with cell phone-based online games taking over from personal computer games as the future revenue driver due to the growing popularity of smartphones and the increasing use of 3G.

Given the growing numbers using smartphones, China is also forecast to experience tremendous growth in mobile game users, reaching an estimated 276 million by 2013, according to Analysys International, a huge increase from the 89 million users in 2009. In line with such a rise, revenue is expected to grow substantially from the

RMB1.4 billion recorded in 2008 to an estimated RMB9.6 billion in 2013, three times the estimated revenue of RMB3.05 billion in 2010.

Our Strategies

The emergence of 3G mobile internet services in China is set to deliver a new and significant market place in which Moli is strategically positioned to enjoy first-mover advantage and take a leading role based on our competitive strengths. Moli has adopted a multi-faceted strategic approach to drive its major push into the mobile internet games and services sector and develop into an end-to-end mobile internet services powerhouse. This involves i) the establishment of strategic joint ventures, ii) a merger and acquisition strategy to assist in rapidly capturing and responding to emerging mobile business opportunities, and iii) organic growth through the on-going launch of exciting, quality self-developed Massively Multiplayer Online Role Playing Games (MMORPGs).

I. International joint ventures: Oberon Media — A wide array of game contents

Moli's recent tie-up with Goldman Sachs, Morgan Stanley and Oak Investments invested Oberon Media has positioned the company to expand into and become the channel for the casual mobile games market in China. The joint venture for 10% of Moli's projects in China, provides operational synergy for Moli's platform through Oberon's extensive mobile games warehouse. The goal is to establish a world-class platform for games and content distribution in China and to emphasise Moli's vision to lead the field not follow.

Oberon Media, founded in 2003 and headquartered in New York, is a member of the US-based Oberon Media Group, which has one of the largest casual game audiences and is a leading global source of multiple platform casual game and game community solutions. Oberon Media has offices across North America, Europe and Asia and its game solutions have been adopted by some of the world's most innovative corporations, including Microsoft, AT&T, Electronic Arts, Orange France and Yahoo!

Through its acquisition of Cmate SA, Blaze Mobile and I-Play, Oberon Media offers technology, content and distribution for mobile devices. It currently operates over 1,200 casual and social games in many different languages on personal computers, web-based, mobile console and iTV platforms.

Goldman Sachs, Morgan Stanley and Oak Investments invested Oberon Media also gives Moli access to an international investment network.

II. Strategic mergers and acquisitions: Yole Wireless Technology — An established mobile operating platform

Moli's acquisition of a majority stake in Yole Wireless Technology (51%) from Injoy Information Technology Company Limited seeks to accelerate the pace and scope of Moli's mobile internet services given Yole's role as an important provider of mobile digital entertainment content in China for mobile handsets, including smartphones.

Yole (pronounced Yol-e) was established in 2006. It is positioned as a mobile social networking service (SNS) entertainment community adapted for China users' needs and has built up an integrated user management platform using interpenetration among different products to increase user stickiness and enhance the overall impact of marketing and operations. The revenue streams include mobile personalised products, a mobile online games platform and a social networking service (SNS) community. Yole's database extends to some 20 million mobile phone users in China. It has also established business relations with various Chinese telecom companies as a full-service payment gateway.

Yole's personalised products include thematic apps, which have 10 million current users, ringtones, e-books and novels, music downloads and players, internet search, and phone animation. The appeal of these products has created a stable user base, which can then be rapidly drawn to the company's mobile game platform generating further revenue.

The Yole mobile online games platform can operate several games at the same time, allowing large numbers of users online simultaneously. It supports many types of mobile systems to provide a multi-platform operation. Use of a uniform user administration and charging system also shortens user operation flow and improves loyalty to the platform.

Yole's SNS community is driven by Meyouto.com, a Facebook-type social networking site for Chinese users. It provides iPhone, Android, Symbian and KJAVA mobile interface and direct access to 700 million China mobile phone users through wireless internet. In addition to its mobile applications, Meyouto.com can be accessed via the internet on personal computers. Meyouto.com offers a significant new communication platform for the emerging mobile internet generation in China.

III. Strong cash flow: self-developed MMORPGs

Moli has established a strong reputation as a full service provider of online entertainment through award-winning self-developed online games and licensing games from overseas. It has a robust R&D team of more than 200, developing several well-received MMORPGs that have shown Moli's advanced product development capability to be of international standard.

The company has also successfully built up a comprehensive overseas game-publishing platform, with its renowned self-developed MMORPG "King of Pirates" launched in Taiwan, Hong Kong, Singapore, Malaysia, Thailand, Indonesia, North America and Russia. This proven overseas record has helped Moli Group to gain many accolades, including the "2008 China Game Industry Best Innovative Game Award" and the 2008 Overseas Development Award for Domestic Games" at the 2008 China Game Industry Annual Conference.

In 2011, Moli's innovative product pipeline has two adventure games scheduled for launch. "Tales of Ocean Fantasy" is a 2.5D MMORPG revolving around the battle to rebuild an island wonderland and due for release in 2011 Q3. "Superhero" is a 3D console-like MMORPG using innovative next-generation game engine techniques to create a stunning fantasy world. This is expected in 2011 Q4. Leveraging its state of the art technological advances, Moli will continue to expand its product pipeline and provide quality customer service.

Outlook for Moli

With smartphone usage expected to increase, 3G capabilities set to expand and a Chinese government push to drive convergence of telecommunications, broadcast television and internet networks, the business environment appears highly favourable for market expansion of mobile internet and related services in China.

Moli has a strong track record in online game provision, a comprehensive and unparalleled platform for growth including access rights to the China online games market, strong government and local networks in China and a dynamic three-fold strategic approach involving win-win synergistic alliances with selected industry players. Leveraging this powerful combination of competitive strengths, Moli is well positioned to gain first-mover advantage and to maximise opportunities presented by robust growth of China's mobile application market; play a leading role in the further development of the country's mobile internet market; and advance towards the company's goal of building a mobile internet services powerhouse.

FINANCIAL SERVICES — CFSG

Securities Broking

Trading volume of the Hong Kong securities market showed a moderate growth compared to 2009. Yet the Group experienced a significant rise in trading volume thanks to the successful strategy of the year for strengthening the institutional sales force, establishing a team of client relationship manager to serve the premium clients, developing trading models, strategies and tools to cater for the rapidly changing market environment and increasingly sophisticated trading requirements of various investor categories.

The income for the margin financing business rebounded quickly due mainly to the record-breaking IPO activities and the differential pricing for various investors during the year under review.

On the back of the quantitative easing adopted in several major developed countries, the commodities market experienced strong inflows of funds and significant price increases to mark a record-breaking year. Both the broking and margin financing income displayed a healthy recovery in 2010.

Wealth Management

While competition was more intense than ever during the year under review, we managed to maintain a steady turnover thanks to the adaptive strategies adopted in the early part of the year. In 2010, the business unit expanded its presence in China by relocating seasoned managers to the head office in Shanghai. This relocation strategy has helped instil financial planning concepts into the local staff who are now better equipped to serve clients with wealth management needs.

According to a research report of BofA Merrill Lynch, "The income growth story in China is fairly well known, ….per capita income rose by approximately 12.0% CAGR during this period (1999–2009). … but wealth growth was even faster, at 18% CAGR." This coincides with the increasing enquiries received for our independent wealth management service last year. We believe that this business will experience a robust growth in the coming years, through consolidation and organic growth. One of the key strategies is to devote more resources to the development of the China market with a view to significantly increasing its new business volume in the coming year. In so doing, it will leverage on the existing platform in China and expand its presence in Southern provinces.

Asset Management

As an important driver of our strategy of product and income diversification, the asset management business achieved a 30% growth in the second half of 2010, outperforming the increase in Hang Seng Index and Hang Seng China Enterprises Index, thanks to the recovery of the stock market, abundant flows of capital via Hong Kong to the China market, and more importantly our persistent efforts to achieve higher risk-adjusted returns for clients.

On the service level, the unit is contemplating the introduction of a new fee structure for different market segments. The combination of reduced management fee and higher performance fee appeals to the fee sensitive individuals. This fee structure is popular in China and we believe it will help attract new business from this market.

Investment Banking

The corporate finance activities in the world were vigorous in 2010. With the help of the year's largest IPO Agricultural Bank of China, Hong Kong was again ranked top in terms of funds raised in the year. Against this backdrop, the business unit maintained its strategy to focus on financial advisory and corporate transactions. During the year, we experienced a record-high in the number of transactions made in the capacity of placing agent, underwriter and financial adviser and hence a remarkable profit contribution in the year. By taking a proactive approach, the business achieved great success in fund raising for clients via IPO, rights issue, share placing and equity line of credit. It has also secured a number of sponsorship mandates for IPO in 2011. The effective implementation of the strategy helped the business expand its income as well as client base.

In light of the steaming IPOs and the secondary market activities locally, 2011 is expected to be another robust year for capital market transactions in Hong Kong. Our investment banking business is well placed to specialise in mid-cap companies. With our encouraging results in 2010, we will continue the momentum to seek more fund-raising and IPO opportunities in addition to financial advisory services for M&As and corporate transactions. The division will also serve as a source and agent to line up fund-seeking corporations and investors.

China Development

One of the Group's key strategies in recent years is to focus on the positioning of our footing for business development in China. With that, the Group continued to dedicate more resources to China in 2010 with a view to enhancing the driving force of the development. In so doing, we set up two new offices in Xiamen and Xi'an in addition to the existing locations in Beijing, Chongqing, Shenzhen, and the head office in Shanghai.

As part of the network building strategy, we formed two alliances with local institutions to promote our brand and services. With Zhongcai Futures, an established futures dealing company in Eastern China, we provided training and published research on index futures. We believe investors' education is an important element in developing a healthy investment environment. Along this belief, we set up a training centre with Northwestern University of Xi'an to facilitate on-the-job training for finance graduates.

We plan to expand our coverage network by opening new offices in cities which we believe present significant potential for business development due to their concentrated or emerging high-net-worth market in the medium terms. Special attention will be given to the business development in the Pearl River Delta where the GDP growth and securities trading volume ranked top in the country. Our objective

is to continue to build networks and connections in preparation for the eventual opening up of the market.

Other Development

To provide convenient and technologically advanced features to our clients, we collaborated with SmarTone-Vodafone to launch the first and only mobile IPO application service in Hong Kong. The application allows users to apply for IPOs, view stock quotes and news on the mobile device anytime anywhere.

As an ongoing effort to improve service experience, we launched iPhone App CASH RTQ, the first one-stop real time stocks and index futures quotation application which at the same time offers placing orders and portfolio information. We were in the top position of iPhone App download (finance category) quickly after the launch. Through CASH RTQ, users can easily access real-time snapshot or streaming quotes, do trading and manage their portfolio. The application is connected to the 3G mobile trading platform which enables users to capture every investment opportunity in the market.

In recent years, the demand for RMB-denominated investment products has been growing substantially as the Hong Kong stock market is increasingly related to that of China and RMB savings are rapidly accumulating locally. In an effort to prepare for the introduction of RMB-denominated products, we have modified our trading platform and settlement system for the new development.

Outlook for CFSG

CFSG is generally optimistic about the economic outlook for 2011. The Board believes that the 21st century is the century of China. China is a growth engine and offers a once-in-a-lifetime window of opportunities to the world. China's development in the next 10 years will bring profound impact to the world. More importantly, the Group has built a strong platform that positions itself favorably as it aims to accelerate the pace of growth.

Leading the pack with advanced technology attributes that provide convenient service will continue to be an objective for platform development. We believe infrastructure is a core component of our business operation, which supports our client relationship management systems, dealing systems and product databases. We will keep on investing in infrastructure that is key to our positioning as a boundary-less service provider.

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

With the PRC market as our future expansion focus, we aim to equip our platform with multi-faceted and diversified capabilities in preparation for the eventual opening up of the financial markets. In the meantime, we will continue to work with Mainland securities and brokerage firms for referral opportunities.

RETAIL AND FRANCHSING — PRICERITE

Business Overview

Riding on the economic recovery in 2010, Pricerite has accelerated its growth strategies in 2010. During the year, we have opened 7 new stores and successfully managed to renew most of the existing stores, expanding our sales area in Hong Kong at a satisfactory pace.

Continuing the rejuvenation programme from previous years, we have fully implemented revamped store format, by new store design and new concept, in all new stores and existing stores with lease renewal during the period. Such store revamp including new store interiors covering fixtures and racks, lightings, flooring and display settings, new corporate logo as well as enhancement in store operating system.

Benefiting from both better buying sentiment and our expansion strategies, we have achieved a significant growth in store traffic, transaction size and average sales ticket size. Year to year sales growth, in particular, has outperformed industry statistics published in overall retail sales level and furniture and fixtures category level.

Our excellence in customer services was further recognized when we won the 2010 Service & Courtesy Award in both Supervisory Level and Junior Frontline Level under Furniture & Home Accessories Category organized by Hong Kong Retail Management Association. The award is highly respected as the Oscars of the retail trade in Hong Kong. Among the keen participating retail practitioners, Pricerite have occupied 7 out of the 9 finalists in the Award programme. Earlier in the year, we have also won service awards including 42nd Distinguished Salesperson Award (DSA) organized by The Hong Kong Management Association, The Hong Kong Top Service Brand Award, Certification Trade Mark — Quality Tourism Service Scheme, Q-Mark Service Certification, Business Super Brands & Super Brands, 2009 Customer Service Excellence Award — Bronze Award (Counter Service) and 活力之星 organized by FACE Magazine Marketing Limited.


Hot SPOT

In early 2010, Pricerite received the Silver Award of the 2009 Hong Kong Awards for Environmental Excellence — Sectoral Awards, being the highest award granted by The Hong Kong Awards for Environmental Excellence (HKAEE) in the year under Retailers sector. We also received Wastewi$e Label in Excellence Class organized by HKAEE. The awards demonstrated that we have put continuous effort in developing sustainable green measures and put them in practices.

Outlook for Pricerite

Year 2011 is unquestionably another year of challenges and opportunities. The ongoing rising of rental, the statutory minimum wage (SMW) rate and the inflationary pressure of all other aspects will unavoidably increase the operating expenses. Yet, we believe that we will continue to benefit from the vigorous momentum generated in 2010 for further business growth.

A key task of China's 12th Five-Year Plan is to expand domestic consumption to release urban and rural consumption potential. We believe that household demand for stylish yet practical items would be growing in an exponential rate. Pricerite regards 2011, the beginning of this 12th Five-Year Plan, a right moment to realize our China market development plan. We have planned to develop retail network in Guangdong province and are currently preparing our first store in Guangzhou. Outside Guangdong Province, we had during the year entered into a franchising arrangement with OrientHome, one of the largest distributor and retailer of building materials, home furnishings and lawn & gardening equipments in China. We are excited that such expansion strategies will enable us to build retail presence and capture market share in China within a short period of time. Though we are still in an investment phase of our China plan, we are optimistic that China would be our growth engine in the coming years.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EMPLOYEE INFORMATION

At 31 December 2010, the Group had 394 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review (including the remuneration of 1,379 employees of CFSG up to 10 October 2010) was approximately HK$271.5 million.

Benefits

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

Training

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

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures, rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.


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Truman Tang
General Manager
Products Research & Development Centre
of Moli Group

Bob Chan
CEO
of Moli Group

Ben Cheng
Executive
Director
of CFSG

Benson Chan
Executive
Director & CEO
of CFSG

Bankee P. Kwan
Chairman & CEO
of CASH Group


Bernard Law
CFO
of CASH Group
Raymond Ng
COO
of CASH Group
Raymond Yuen
Deputy CFO &
Executive
Director
of CFSG
Derek Ng
CEO
of Pricerite
James Leung
Deputy
CFO
of Pricerite

DIRECTORS' PROFILE

Executive Directors

Bankee Pak-hoo KWAN

Chairman & CEO, MBA, BBA, FFA, MHKSI, CPM(HK), MHKIM, aged 51, joined the Board on 9 March 1998. He is responsible for the overall business strategy of the Group. Mr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. He graduated from the Murdoch University of Perth, Australia with a Master's degree in Business Administration, and from the Chinese University of Hong Kong with a Bachelor's degree in Business Administration. Mr Kwan is a fellow of the Institute of Financial Accountants of the United Kingdom and a member of the Hong Kong Securities Institute. Mr Kwan is also a Certified Professional Marketer (Hong Kong) of Hong Kong Institute of Marketing and a member of Hong Kong Institute of Marketing.

Mr Kwan is a firm believer in youth education and development. He is a John Harvard fellow of the Harvard University, US; a member of the Harvard University Asia Center Advisory Committee; an honorary university fellow of The Open University of Hong Kong, a trustee of New Asia College of the Chinese University of Hong Kong; an advisory professor and an honorary member of the Board of Trustees of Nanjing University. Mr Kwan is also an honorary advisor of several higher education institutions, including the Graduate School of Business, Hong Kong Polytechnic University; the LiPACE of The Open University of Hong Kong; and the Academy of Oriental Studies of Peking University. Furthermore, Mr Kwan is appointed as an honorary advisor of the Fong Yun Wah Foundation and the China Charity Federation.

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

Entrepreneurship Awards organised by Enterprise Asia, which recognised his outstanding entrepreneurial success and significant contributions to economic life and society.

Mr Kwan is a substantial Shareholder and the chairman of CFSG. Mr Kwan is a member of the Remuneration Committee, as well as a member of the remuneration committee of CFSG.

Bernard Ping-wah LAW

CFO, MBA, FCCA, FCPA, MHKSI, aged 52, joined the Board on 9 March 1998. He is in charge of the Group's overall financial and accounting management. Mr Law has extensive experience in financial management and accountancy. Mr Law graduated from the University of Warwick, United Kingdom with a Master's degree of Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of Hong Kong Securities Institute. Mr Law is also an executive director and chief financial officer of CFSG.

Raymond Kung-chit NG

COO, M Mgmt, B Comm, aged 42, joined the Board on 11 December 2009. He is in charge of the Group's day-to-day operation. He has extensive management experience in corporate administration and operation. Mr Ng graduated from Macquarie University, Australia with a Master's degree in Management and from the University of Toronto, Canada with a Bachelor's degree in Commerce.

Independent non-executive Directors

Johnny Ka-kui LEUNG

INED, LL.B, aged 53, joined the Board on 25 October 2000. Mr Leung has extensive experience in the legal field and is the managing partner of a legal firm in Hong Kong. Mr Leung graduated from the University of London with a Bachelor of Laws. Mr Leung is the chairman of the Audit Committee and the Remuneration Committee.

Chuk-yan WONG

INED, MSc (Business Administration), BBA, CFA, CGA, aged 49, joined the Board on 3 June 1998. Mr Wong has extensive investment management experience in the global financial markets and is a portfolio manager of a large renowned investment counsel in Toronto, Canada and is responsible for the company's equity investments in the Asia Pacific region. Mr Wong graduated from the University of British Columbia, Canada with a Master of Science degree in Business Administration and from the Chinese University of Hong Kong with a Bachelor's degree of Business Administration. Mr Wong is also a Chartered Financial Analyst (CFA) charterholder and a Certified General Accountant of Canada. Mr Wong is also a member of the Audit Committee and the Remuneration Committee.

Hak-sin CHAN

INED, PhD, MBA, BBA, aged 49, joined the Board on 25 October 2000. Dr Chan has extensive experience in the academia in the US as professor, researcher and consultant in the fields of corporate finance and international marketing and is a faculty member of the Department of Marketing at The Chinese University of Hong Kong. Dr Chan graduated from the University of Wisconsin-Madison, US with a Doctor of Philosophy degree in Business and a Master's degree in Business Administration and from the Chinese University of Hong Kong with a Bachelor's degree in Business Administration. Dr Chan is also a member of the Audit Committee.

Senior Management

Bob Yau-ching CHAN

Chief Executive Officer, Moli Group and Director, Investment, aged 48, received a Doctorate Degree of Philosophy in Business from Purdue University, US and a Master Degree of Business Administration from the University of Wisconsin-Madison, US. He is a member of Chartered Financial Analyst Institution, Hong Kong Securities Institute and the Hong Kong Society of Financial Analysts. Dr Chan joined the Group in September 2000 and has extensive experience in communicating with investors and fund-raising activities. He specialises in corporate strategy and positioning, restructuring and management of high corporate growth companies. He is responsible for the overall product development and operation of the Group's online game business and overseeing the Group's investment activities. Dr Chan is also the chief economist of CFSG for providing global macroeconomic viewpoints to clients of CFSG.

Benson Chi-ming CHAN

Executive Director and Chief Executive Officer of CFSG, aged 44, is a holder of Master Degree of Business Administration from The Hong Kong University of Science and Technology and a holder of Bachelor of Arts (Hons.) Degree in Accountancy from The Hong Kong Polytechnic University. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. Mr Chan joined the Group in June 1998 and has extensive experience in the field of auditing, accounting, investment banking and corporate finance. Mr Chan is in charge of the CFSG Group's overall business development and management. Mr Chan is also the managing director and a responsible officer of Celestial Capital (the investment banking group of the CFSG Group).

Derek Hin-sing NG

Chief Executive Officer, Pricerite, aged 42, received a Master Degree of Business Administration from Southern Illinois University Carbondale in USA and a Bachelor Degree of Business Administration from Ottawa University in USA, and is a CERTIFIED FINANCIAL PLANNERCM professional. Mr Ng joined the Group in January 1997 and has extensive experience in the field of corporate development and retail business. He is in charge of the overall strategic development and operation of the Group's retail business.

Truman Cho-man TANG

General Manager of Products Research & Development Centre, Moli Group, aged 43, received a Degree of Bachelor of Science in Mathematics from Jinan University in China. Mr Tang joined the Group in June 2009 and has extensive experience in management of online game operations, R & D and project control. He is in charge of the overall product development and operation of the Group's online game business.

Ben Man-pan CHENG

Executive Director of CFSG, aged 41, graduated from The City University of Hong Kong with a Bachelor's degree in Accountancy. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Cheng joined the Group in March 1998 and has extensive experience in auditing, accounting, financial controlling and project management. Mr Cheng is the managing director of the equity sales and trading, Pearl River Delta of CFSG. He is a responsible officer of Celestial Securities and Celestial Commodities.

James Siu-pong LEUNG

Deputy Chief Executive Officer, Pricerite, aged 48, received a Master Degree of Business Administration from Heriot-Watt University in UK and a Bachelor Degree of Social Sciences from The University of Hong Kong. Mr Leung joined the Group in October 2001 and has extensive experience in the field of retail management business. He is in charge of the retail operation management of the Group's retail business.

Raymond Pak-lau YUEN

Deputy CFO and Executive Director of CFSG, aged 47, graduated from The City University of Hong Kong with a Bachelor of Arts in Accountancy. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and an associate of The Institute of Chartered Accountants in England and Wales. Mr Yuen joined the Group in November 2000 and has extensive experience in internal audit, credit risk management and operations control. Mr Yuen is responsible for overseeing Group's finance, treasury, accounting and financial management.

Majone Pui-lai CHENG

COO of CFSG, aged 38, received a Master Degree of Science in Financial Management from the University of London, United Kingdom and a Bachelor Degree in Economics from The University of Hong Kong. Ms Cheng joined the Group in March 1998 and has extensive relevant experiences in the financial services industry. She is in charge of the overall operations of the CFSG Group.

Daryl Wai-kwong LAI

Director, Corporate Development, aged 48, received a Master Degree of Business Administration from Chaminade University of Honolulu and a Bachelor Degree in Travel Industry Management from University of Hawaii. Mr Lai joined the Group in October 2001 and has extensive experience in local and international marketing management in both financial industry and retail business. He is responsible for the corporate development of the Group.

Hon-wo SHUM

Legal Counsel, aged 38, is a qualified solicitor of the HKSAR. He is a Master Degree holder in Laws from City University of Hong Kong, Master Degree holder in Laws from Renmin University of China and Bachelor Degree holder in Laws from University of Hong Kong. Mr Shum joined the Group in August 2005 and has extensive experience in legal field. He is the Group's legal counsel and is responsible for all legal issues of the Group.

Suzanne Wing-sheung LUKE

Company Secretary, aged 42, is a fellow of the Institute of Chartered Secretaries and Administrators. Ms Luke joined the Group in May 2000 and has extensive listed company secretarial experience. In addition to taking the role as company secretary of the Company, she is also the company secretary of CFSG.

CORPORATE GOVERNANCE REPORT

This CG Report presents the corporate governance matters during the year ended 31 December 2010 required to be disclosed under the Listing Rules.

ADOPTION OF PRINCIPLES IN THE CG CODE

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

CG Code		Deviation and reason
A.2.1	The roles of Chairman and CEO should be separate and should not be performed by the same individual	Mr Kwan Pak Hoo Bankee, Chairman of the Board, also assumes the role of CEO of the Company. The dual role of Mr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals.

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

Directors' Securities Transactions

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

BOARD OF DIRECTORS

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

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

- 6 meetings of the full Board
- 11 meetings of the EDs

Out of the 6 full Board meetings, 4 of them were held to discuss and/or approve the annual/interim financial performance/results and/or review the quarterly business operation of the Group, while 2 meetings to discuss and approve corporate matters during the year under review. The ED meetings were held to report, discuss and/or resolve for the ordinary business and operation matters.

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

		Attendance	
Director	Board capacity	Full Board meetings	ED meetings
Mr Kwan Pak Hoo Bankee	ED, Chairman & CEO	6/6	11/11
Mr Law Ping Wah Bernard	ED & CFO	6/6	11/11
Mr Ng Kung Chit Raymond	ED & COO	6/6	11/11
Mr Leung Ka Kui Johnny	INED	6/6	N/A
Mr Wong Chuk Yan	INED	5/6	N/A
Dr Chan Hak Sin	INED	5/6	N/A

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

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

REMUNERATION COMMITTEE

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

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

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

During the year under review, the Remuneration Committee had held 1 physical meeting for the purpose of considering the remuneration of the Directors.

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

Member	Board capacity	Attendance
Mr Leung Ka Kui Johnny	INED	1/1
Mr Wong Chuk Yan	INED	1/1
Mr Kwan Pak Hoo Bankee	Chairman of the Board	1/1

The chairman of the Remuneration Committee since its establishment has been Mr Leung Ka Kui Johnny.

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

- endorsement to the remuneration policy and structure for the Directors and senior management;
- review and approval of the specific remuneration package of each Director and senior management including benefits in kind, pension rights and compensation payments.

REMUNERATION POLICY FOR DIRECTORS

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

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

The remuneration of EDs generally consists of:

- fixed monthly salary/allowance — which is set in accordance with the Director's duties, responsibilities, skills, experiences and market influences;
- pension — which is based on the local Mandatory Provident Fund Contribution Scheme;
- short term variable incentive — which may include discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets; and
- long term variable incentive — which may include share options designed to encourage long-term commitment.

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

Directors' Remuneration

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 11 to the consolidated financial statements in the annual report.

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

NOMINATION OF DIRECTORS

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

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

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

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

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

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

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

During the year under review, the Audit Committee had held 4 physical meetings for discussing and/or approving the periodic financial results and/or reviewing the quarterly business operation of the Group.

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

Member	**Board capacity**	**Attendance**
Mr Leung Ka Kui Johnny	INED	4/4
Mr Wong Chuk Yan	INED	4/4
Dr Chan Hak Sin	INED	3/4

The chairman of the Audit Committee has been Mr Leung Ka Kui Johnny during the year under review.

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

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

On 21 September 2010, the auditor of the Group was changed from Grant Thornton to Messrs. Deloitte Touche Tohmatsu. The analysis of the auditor's remuneration for the year under review is presented as follows:

	Fee amount HK$
Deloitte Touche Tohmatsu	
Audit services (for 2010 annual accounts of the Group)	3,130,000
Non-audit services	26,000
	3,156,000
Grant Thornton	
Non-audit services	84,000
Total	3,240,000

The audit services include the audit for the annual accounts of the Group for the year ended 31 December 2010 and reviewing the continuing connected transactions of the Group required under the Listing Rules. The non-audit services included the reporting accountant required under the Listing Rules for corporate transactions of the Group which took place during the year under review and provision of tax-related services for the Group during the year under review.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

REVIEW OF INTERNAL CONTROL

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

On behalf of the Board
Bankee P Kwan
Chairman & CEO

Hong Kong, 24 March 2011

AUDIT COMMITTEE REPORT

The Audit Committee of the Company was established on 28 June 1999. Its composition shall be a minimum of 3 members of NEDs with a majority being INEDs. For the year under review, the Audit Committee comprised all the INEDs of the Company at all times.

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

- reviewed and commented on the financial reports for the six months ended 30 June 2010 and for the year ended 31 December 2010, and reviewed and commented on the business operation and development of the Group for the quarters ended 31 March 2010 and 30 September 2010;

- endorsed the policy on the engagement of external auditor for non-audit services;

- met with the auditor to discuss the financial matters of the Group that arose during the course of the audit process, and reviewed the findings, recommendations and representations of the auditor;

- considered and approved the remuneration and the terms of engagement of the auditor for both audit service and non-audit services for the year under review;

- reviewed the Company's financial controls, internal control and risk management systems;

- reviewed the Company's statement on internal control systems including adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

- considered the change of auditor and recommended to the Board for the appointment of Messrs. Deloitte Touche Tohmatsu as the new auditor of the Group; and

- reviewed the "Continuing Connected Transactions" set forth on pages 44 to 45 of the report.

Audit Committee Members:
LEUNG Ka Kui Johnny *(committee chairman)*
WONG Chuk Yan
CHAN Hak Sin

Hong Kong, 24 March 2011

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the year consisted of (a) financial services provided via CFSG through the brand name "CASH" including online and traditional brokerage of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, margin financing, money lending and corporate finance; (b) sales of furniture and household items and electrical appliances through the brand name "Pricerite"; (c) provision of online game services, sales of online game auxiliary products and licensing services via the Moli Group through the brand name "Moli"; and (d) investment holding.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 55 of this annual report.

The Board recommends the payment of 2010 final dividend of HK 0.2 cent per share (2009: nil). Subject to the approval of the 2010 final dividend by the Shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 25 May 2011 to the Shareholders whose names appear on the register of members on 16 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 16 May 2011 (Monday) to 18 May 2011 (Wednesday) (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on 13 May 2011 (Friday).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 December 2010 is set out on page 145 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements during the year in the property and equipment of the Group are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 47 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" of the consolidated financial statements on page 59 of this annual report.

As at 31 December 2010, the reserves of the Company available for distribution to Shareholders were approximately HK$405,174,000, comprising contributed surplus of HK$149,719,000 and retained profit of HK$255,455,000. And the Company's share premium available for distribution in the form of fully paid bonus shares was HK$262,064,000.

PRE-EMPTIVE RIGHTS

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

CONTINUING CONNECTED TRANSACTIONS

Margin Financing Arrangement

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

As at the date of the relevant agreements, the Connected Clients (save as Libra Capital Management (HK) Limited and Cashflow Credit Limited) are all substantial Shareholders and/or directors of the Group and/or their respective associates, and hence connected persons of the Company within the meaning of the Listing Rules. The granting of margin financing facilities by CFSG under the Margin Financing Arrangement constituted continuing connected transactions relating to financial assistance for the Company under the Listing Rules. The Margin Financing Arrangement was approved by the independent Shareholders at a special general meeting held on 31 December 2009. Details of the Margin Financing Arrangement were disclosed in the Company's circular dated 15 December 2009.

Details of the maximum amounts of the margin financing facilities granted to the Connected Clients during the year under review are set out in note 27 to the consolidated financial statements. The commission and interest income received from the Connected Clients during the year under review are disclosed in notes 45(a) to (e) to the consolidated financial statements.

As announced by the Company on 11 October 2010, CFSG has ceased as a subsidiary of the Company with effect from 11 October 2010. Accordingly, the aforesaid granting of margin financing facilities by CFSG under the Margin Financing Arrangement to the Connected Clients since 11 October 2010 would not constitute continuing connected transactions of the Company under the Listing Rules.

DIRECTORS' REPORT

Pursuant to rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the Margin Financing Arrangement in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The INEDs have reviewed the Margin Financing Arrangement and the report of the auditor and confirmed that the Margin Financing Arrangement has been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the terms of the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the work performed, the auditor of the Company has also confirmed that the Margin Financing Arrangement (a) has received the approval of the Board; (b) has been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties; (c) has been entered into in accordance with the terms of the relevant agreements governing such transactions; and (d) has not exceeded the relevant cap amount for the financial year ended 31 December 2010 as set out in the circular of the Company dated 15 December 2009.

RELATED PARTIES TRANSACTIONS

Save as the continuing connected transactions as disclosed in the above section, the Group also entered into certain transactions as disclosed in note 45 which were regarded as related party transactions under the applicable accounting standards. Some related party transactions constituted de minis connected transactions of the Company, but were exempted from the reporting, announcement and independent shareholders' approval requirements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transactions of the Group during the year.

RAISING OF FUNDS AND USE OF PROCEEDS

Pursuant to a placing and top up agreement dated 23 July 2010 entered into among the Company, Cash Guardian and Celestial Securities (the placing agent), a total of 20,000,000 new Shares were issued at HK$2.50 per Share on 5 August 2010. The closing price of each Share on 23 July 2010 (the trading day on fixing of the terms of the placing and top up agreement) was HK$2.70 per Share. The gross and net proceeds of the issue were HK$50.0 million and HK$49.3 million respectively, representing a net price of HK$2.47 per Share. The fund was applied for general working capital purposes. Details of the transactions were disclosed in the Company's announcement dated 26 July 2010.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

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

Executive Directors:

Kwan Pak Hoo Bankee
Law Ping Wah Bernard
Ng Kung Chit Raymond

Independent Non-executive Directors:

Leung Ka Kui Johnny
Wong Chuk Yan
Chan Hak Sin

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

(i) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard, being EDs, shall retire at least once in every 3 financial years at the annual general meeting of the Company in accordance with their terms of office of directorship; and

(ii) Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin, all being INEDs, shall retire at the annual general meeting of the Company in each year in accordance with their terms of office of directorship.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

Save as the Margin Financing Arrangement as disclosed under the heading "Continuing connected transactions" in this section above, no Director was materially interested, either directly or indirectly, in any contract of significance of the Group subsisting during or at the end of the financial year under review.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes are set out in note 44 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2010, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. The Company

1. Long positions in the Shares

		Number of Shares			
Name	**Capacity**	**Personal**	**Family interest**	**Other interest**	**Shareholding** (%)
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	—	—	1,022,638,955*	33.09
Law Ping Wah Bernard	Beneficial owner	107,408,720	—	—	3.48
Ng Kung Chit Raymond	Beneficial owner and family interest	3,399,600	345,600	—	0.12
		110,808,320	345,600	1,022,638,955	36.69

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

2. Long positions in the underlying Shares

(a) *Options under share option scheme*

					Number of options							
Name	Date of grant	Option period	Exercise price per Share (HK$) (Notes (5) & (7))	Notes	outstanding as at 1 January 2010	granted on 3 June 2010 (Notes (2) to (4))	adjusted on 27 September 2010 (Note (5))	exercised on 5 October 2010 (Note (6))	adjusted on 27 October 2010 (Note (7))	exercised on 15 November 2010 (Note (8))	outstanding as at 31 December 2010	Percentage to issued Shares as at 31 December 2010 (%)
Kwan Pak Hoo Bankee	13/3/2009	13/3/2009 – 31/3/2011	0.0942	(1)	1,800,000	—	360,000	—	19,440,000	(18,000,000)	3,600,000	0.12
	3/6/2010	3/6/2010 – 31/5/2012	0.1667	(1)	—	2,000,000	400,000	—	21,600,000	—	24,000,000	0.78
Law Ping Wah Bernard	13/3/2009	13/3/2009 – 31/3/2011	0.0942		1,800,000	—	360,000	—	19,440,000	(18,000,000)	3,600,000	0.12
	3/6/2010	3/6/2010 – 31/5/2012	0.1667		—	2,000,000	400,000	—	21,600,000	—	24,000,000	0.78
Ng Kung Chit Raymond	13/3/2009	13/3/2009 – 31/3/2011	0.0942		1,000,000	—	200,000	(1,200,000)	—	—	—	—
	3/6/2010	3/6/2010 – 31/5/2012	0.1667		—	1,000,000	200,000	—	10,800,000	—	12,000,000	0.39
					4,600,000	5,000,000	1,920,000	(1,200,000)	92,880,000	(36,000,000)	67,200,000	2.19

Notes:

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

(2) The options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 May 2012; and (ii) 50% exercisable from 1 January 2012 to 31 May 2012.

(3) The closing price of the Share immediately before the date of grant of options on 3 June 2010 was HK$1.590.

(4) The fair value of the options granted by the Company to the directors during the year totalled approximately HK$229,800. The assumptions in arriving the fair value of the options are disclosed in note 43(A) to the consolidated financial statements.

(5) The number and the exercise price of share options which remained outstanding on 27 September 2010 have been adjusted due to the bonus issue of the Company on the basis of 1 bonus Share for every 5 existing Shares. The exercise prices per share were adjusted from HK$1.1300 to HK$0.9420 and from HK$2.0000 to HK$1.6670 with effect from 27 September 2010.

(6) The options were exercised at an exercise price of HK$0.942 each by the Director on 5 October 2010. The weighted average closing price of the Shares of the Company immediately before the date of exercise was HK$3.980 per Share.

(7) The number and the exercise price of share options which remained outstanding on 27 October 2010 have been adjusted due to the share subdivision of the Company for every 1 existing Share into 10 Shares with effect from 4:00 pm on 27 October 2010. The exercise prices per share were adjusted from HK$0.9420 to HK$0.0942 and from HK$1.6670 to HK$0.1667 with effect from 27 October 2010.

(8) The options were exercised at an exercise price of HK$0.0942 each by the Directors on 15 November 2010. The weighted average closing price of the Shares of the Company immediately before the date of exercise was HK$0.810 per Share.

(9) No option was lapsed or cancelled during the year.

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

(b) Convertible note

Name of noteholder (Note (1))	Date of issue	Conversion period	Conversion price per Share (Note (2)) (HK$)	Outstanding as at 1 January 2010 (HK$)	Partial conversion during the year (Note (3)) (HK$)	Outstanding as at 31 December 2010 (HK$)	Number of underlying Shares	Percentage to issued Shares as at 31 December 2010 (%)
Cash Guardian	17/2/2009	17/8/2009 – 31/12/2011	0.0833	43,243,000	(15,000,000)	28,243,000	339,051,615	10.97

Notes:

(1) The convertible note was held by Cash Guardian. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these shares as a result of his interests in Cash Guardian as disclosed in the heading of "Substantial Shareholders" in this section below.

(2) The conversion price of the convertible note has been adjusted from HK$1.00 to HK$0.833 due to the bonus issue of the Company on the basis of 1 bonus Share for every 5 existing Shares with effect from 27 September 2010, and from HK$0.8330 to HK$0.0833 due to the share subdivision of the Company for every 1 existing Share into 10 Shares with effect from 27 October 2010.

(3) The noteholder has exercised it right for partial conversion of the convertible note in the principal amount of HK$6,500,000 (at the initial conversion price of HK$1.00), HK$7,000,000 (at the adjusted conversion price of HK$0.0833) and HK$1,500,000 (at the adjusted conversion price of HK$0.0833) on 1 September 2010, 29 October 2010 and 30 November 2010 respectively. The convertible note in the total principal amount of HK$15,000,000 has been partially converted, and a total number of 432,853,432 new Shares has been issued during the year ended 31 December 2010.

B. Associated corporations (within the meaning of SFO)

CFSG

(i) Long positions in the ordinary shares of HK$0.02 each

Name	Capacity	Number of shares: Personal	Number of shares: Family interest	Number of shares: Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	—	—	1,535,605,990*	43.40
Law Ping Wah Bernard	Beneficial owner	5,600	—	—	0.00
Ng Kung Chit Raymond	Beneficial owner and family interest	5,070,000	90,000	—	0.15
		5,075,600	90,000	1,535,605,990	43.55

* The shares were held as to 1,490,782,790 shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company), and as to 44,823,200 shares by Cash Guardian. Pursuant to the SFO, the Company was owned as to approximately 33.09% by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan Pak Hoo Bankee. Mr Kwan Pak Hoo Bankee was deemed to be interested in all these shares as a result of his interests in the Company through Cash Guardian as disclosed in the "Substantial Shareholders" below.

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

Name	Date of grant	Option period	Exercise price per share (HK$) (Note (3))	Notes	Number of options: outstanding as at 1 January 2010	granted on 15 October 2010 (Notes (4) & (5))	adjusted on 23 December 2010 (Note (3))	outstanding as at 31 December 2010	Percentage to issued shares as at 31 December 2010 (%)
Kwan Pak Hoo Bankee	15/06/2009	15/06/2009 – 30/06/2013	0.1468	(1) & (2)	5,000,000	—	20,000,000	25,000,000	0.71
	15/10/2010	15/10/2010 – 31/10/2012	0.3040	(1) & (6)	—	4,000,000	16,000,000	20,000,000	0.57
Law Ping Wah Bernard	15/06/2009	15/06/2009 – 30/06/2013	0.1468	(2)	5,000,000	—	20,000,000	25,000,000	0.71
	15/10/2010	15/10/2010 – 31/10/2012	0.3040	(6)	—	6,000,000	24,000,000	30,000,000	0.85
Ng Kung Chit Raymond	15/10/2010	15/10/2010 – 31/10/2012	0.3040	(6)	—	1,000,000	4,000,000	5,000,000	0.14
					10,000,000	11,000,000	84,000,000	105,000,000	2.98

Notes:

(1) Mr Kwan Pak Hoo Bankee is also the substantial shareholder of the Company.

(2) The options were vested in 2 tranches as to (i) 50% exercisable from 15 December 2009 up to 30 June 2013; and (ii) 50% exercisable from 15 June 2010 up to 30 June 2013.

(3) The number and the exercise price of share options which remained outstanding on 23 December 2010 have been adjusted due to the share subdivision of CFSG for every 1 existing share into 5 shares with effect from 9:30 am on 23 December 2010. The exercise prices per share were adjusted from HK$0.7340 to HK$0.1468 and from HK$1.5200 to HK$0.3040.

(4) The closing price of CFSG's share immediately before the date of grant of options on 15 October 2010 was HK$1.1800.

(5) The fair value of the options granted by CFSG to the directors during the year totalled approximately HK$15,088,000. The assumptions in arriving the fair value of CFSG's options are disclosed in note 43(C) to the consolidated financial statements.

(6) The options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 October 2012; and (ii) 50% exercisable from 1 January 2012 up to 31 October 2012.

Save as disclosed above, as at 31 December 2010, none of the Directors, chief executives or their associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were recorded in the register required to be kept under section 352 of the SFO, or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

(A) The Company

The Share Option Scheme was adopted pursuant to an ordinary resolution passed at the special general meeting of the Company held on 19 February 2002. Particulars of the terms of the Share Option Scheme and the details of movements in the share options to subscribe for Shares granted under the Share Option Scheme during the year are set out in note 43(A) to the consolidated financial statements.

(B) The subsidiaries and/or associates

(i) Netfield

The share option scheme of Netfield was adopted on 6 June 2008. Particulars of the terms of the share option scheme of Netfield are set out in note 43(B) to the consolidated financial statements. No option has been granted under the share option scheme of Netfield since the adoption of the scheme.

(ii) CFSG

CFSG has two share option schemes, namely CFSG New Option Scheme adopted on 22 February 2008 (which took effect on 3 March 2008) and the CFSG Option Scheme adopted on 19 February 2002 (which was terminated on 3 March 2008) respectively. Particulars of the terms of the CFSG New Option Scheme and the CFSG Option Scheme and the details of movements in the share options to subscribe for shares of HK$0.02 each in CFSG granted under the CFSG New Option Scheme during the year are set out in note 43(C) to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, so far as is known to the Directors and chief executives of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (Note)	Interest in a controlled corporation	1,022,638,955	33.09
Cash Guardian (Note)	Interest in a controlled corporation	1,022,638,955	33.09

Note: This refers to the same number of Shares held by Cash Guardian, a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee (a Director whose interests are not shown in the above table) and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian. The above interest has already been disclosed as other interest of Mr Kwan Pak Hoo Bankee in the section headed "Directors' Interests in Securities" above.

Save as disclosed above, as at 31 December 2010, so far as is known to the Directors and chief executives of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' REPORT

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

DONATIONS

During the year, the Group made charitable donations amounted to approximately HK$400,000.

CONFIRMATION OF INDEPENDENCE

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

AUDITOR

On 2 November 2009, the auditor of the Company was changed from Messrs. Deloitte Touche Tohmatsu to Grant Thornton. On 21 September 2010, Grant Thornton resigned as auditor of the Company and Messrs. Deloitte Touche Tohmatsu was appointed by the Board as auditor of the Company to fill the casual vacancy. Save as disclosed herein, there have been no other changes of auditor in the preceding three years.

The consolidated financial statements of the Company for the year were audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Bankee P Kwan
Chairman & CEO

Hong Kong, 24 March 2011

Independent Auditor's Report

Deloitte.
德勤

To the members of Celestial Asia Securities Holdings Limited
(Incorporated In Bermuda with limited liability)

We have audited the consolidated financial statements of Celestial Asia Securities Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 143, which comprise the consolidated statement of financial position as at 31 December 2010, and 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 information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 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.

Other Matter

The consolidated financial statements of the Company for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 15 April 2010.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
24 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000 (restated)
Continuing operations			
Revenue	6	**13,823**	31,938
Other income and gains		**1,885**	19,780
Cost of sales and services for online game business		**(6,892)**	(10,607)
Salaries, allowances and commission	8	**(20,746)**	(22,344)
Other operating, administrative and selling expenses		**(30,054)**	(48,156)
Depreciation of property and equipment		**(7,809)**	(8,466)
Finance costs	9	**(12,764)**	(20,575)
Net loss on financial assets at fair value through profit or loss	10	**(2,095)**	(2,533)
Fair value gain on investment properties		**19,074**	28,165
(Loss) gain on disposal of property and equipment		**(97)**	934
Reversal of impairment on intangible assets		**2,730**	—
Share of results of an associate	21	**33,888**	—
Loss on dilution of shareholding in an associate	21	**(9,507)**	—
Impairment loss recognised on accounts and other receivables		**—**	(6,525)
Loss before taxation		**(18,564)**	(38,389)
Income tax expense	12	**(3,152)**	(5,326)
Loss for the year from continuing operations	13	**(21,716)**	(43,715)
Discontinued operations			
Profit for the year from discontinued operations	14	**64,953**	47,788
Profit for the year		**43,237**	4,073
Other comprehensive income for the year, net of income tax			
Exchange difference on translation of foreign operations		**95**	151
Reclassification adjustment — transfer translation reserve to profit or loss upon losing control of subsidiaries		**(5,435)**	—
(Loss) gain on revaluation of leasehold land and buildings		**(1,639)**	9,815
Deferred taxation arising on revaluation of leasehold land and buildings		**270**	(1,620)
Share of properties revaluation surplus of an associate		**1,919**	—
Total other comprehensive (expense) income for the year		**(4,790)**	8,346
Total comprehensive income for the year		**38,447**	12,419

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000 (restated)
Profit for the year attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(21,716)**	(43,715)
Profit for the year from discontinued operations		**72,508**	64,538
Profit for the year attributable to owners of the Company		**50,792**	20,823
Loss for the year from discontinued operations attributable to non-controlling interests		**(7,555)**	(16,750)
		43,237	4,073
Total comprehensive income for the year attributable to:			
Owners of the Company		**46,709**	27,482
Non-controlling interests		**(8,262)**	(15,063)
		38,447	12,419
Earnings (loss) per share	15		
From continuing and discontinued operations:			
Basic and diluted (HK cents)		**1.968**	0.910
From continuing operations:			
Basic and diluted (HK cents)		**(0.841)**	(1.910)

Consolidated Statement of Financial Position

At 31 December 2010

	Notes	**As at 31 December 2010 HK$'000**	As at 31 December 2009 HK$'000 (restated)	As at 1 January 2009 HK$'000 (restated)
Non-current assets				
Property and equipment	17	**19,986**	221,818	204,219
Investment properties	18	**95,810**	163,712	—
Available-for-sale investments	19	**—**	—	—
Goodwill	20	**83,361**	146,071	192,547
Interests in associates	21	**410,922**	116,931	111,684
Loan to an associate	21	**—**	10,296	10,296
Intangible assets	22	**25,460**	50,790	55,929
Other assets	24	**—**	11,040	9,447
Other deposits		**—**	21,555	—
Deposits paid for purchase of investment properties		**—**	—	63,271
Loan receivables	25	**—**	5,392	671
		635,539	747,605	648,064
Current assets				
Inventories	26	**—**	43,454	39,263
Accounts receivable	27	**632**	507,163	305,923
Loan receivables	25	**—**	15,711	13,677
Prepayments, deposits and other receivables		**10,578**	45,305	75,360
Tax recoverable		**—**	9,381	1,230
Amounts due from associates		**—**	—	260
Held for trading investments	28	**1,875**	45,232	79,155
Bank deposits under conditions	29	**—**	87,739	101,719
Bank balances—trust and segregated accounts	29	**—**	765,112	542,079
Bank balances (general accounts) and cash	29	**81,951**	278,987	327,480
		95,036	1,798,084	1,486,146
Current liabilities				
Accounts payable	30	**32**	1,159,544	823,593
Deferred revenue		**2,482**	923	5,981
Accrued liabilities and other payables		**17,924**	73,564	85,714
Taxation payable		**29**	6,365	24,072
Obligations under finance leases — amount due within one year	31	**—**	135	127
Borrowings—amount due within one year	32	**153,681**	510,482	383,071
Derivative financial instruments		**—**	—	3,067
Loan from a non-controlling interest	33	**—**	27,437	27,437
Convertible notes	35	**18,733**	—	—
		192,881	1,778,450	1,353,062
Net current (liabilities) assets		**(97,845)**	19,634	133,084
Total assets less current liabilities		**537,694**	767,239	781,148

Consolidated Statement of Financial Position (continued)

At 31 December 2010

	Notes	**As at 31 December 2010 HK$'000**	As at 31 December 2009 HK$'000 (restated)	As at 1 January 2009 HK$'000 (restated)
Capital and reserves				
Share capital	34	**30,902**	20,551	18,051
Reserves		**481,270**	340,038	254,131
Equity attributable to owners of the Company		**512,172**	360,589	272,182
Non-controlling interests	39	**—**	294,322	370,324
Total equity		**512,172**	654,911	642,506
Non-current liabilities				
Convertible notes	35	**—**	28,172	—
Deferred tax liabilities	12	**7,222**	21,204	10,056
Obligations under finance leases — amount due after one year	31	**—**	180	315
Borrowings — amount due after one year	32	**18,300**	62,772	128,271
		25,522	112,328	138,642
		537,694	767,239	781,148

The consolidated financial statements on pages 55 to 143 were approved and authorised for issue by the Board of Directors on 24 March 2011 and are signed on its behalf by:

KWAN PAK HOO BANKEE
DIRECTOR

LAW PING WAH BERNARD
DIRECTOR

Consolidated Statement of Changes In Equity

For the year ended 31 December 2010

		Attributable to owners of the Company													
	Notes	Share capital HK$'000	Share premium HK$'000 (Note (a))	Contributed surplus HK$'000 (Notes (b)&(c))	General reserve HK$'000	Other reserve HK$'000 (Note (d))	Translation reserve HK$'000 (Note 39)	Convertible notes equity reserve HK$'000	Share option reserve HK$'000	Properties revaluation reserve HK$'000 (Note 39)	Revaluation reserve HK$'000 (Note (h))	(Accumulated losses) retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000 (Note 39)	Total HK$'000
At 1 January 2009 as originally stated		18,051	317,255	138,926	1,160	12,314	4,420	—	652	—	15,564	(249,947)	258,395	370,324	628,719
Effect of change in accounting policies		—	—	—	—	—	—	—	—	12,399	—	1,388	13,787	—	13,787
At 1 January 2009 as restated		18,051	317,255	138,926	1,160	12,314	4,420	—	652	12,399	15,564	(248,559)	272,182	370,324	642,506
Profit for the year		—	—	—	—	—	—	—	—	—	—	20,823	20,823	(16,750)	4,073
Other comprehensive income for the year		—	—	—	—	—	151	—	—	6,508	—	—	6,659	1,687	8,346
Total comprehensive income for the year		—	—	—	—	—	151	—	—	6,508	—	20,823	27,482	(15,063)	12,419
Issue of convertible notes		—	—	—	—	—	—	10,540	—	—	—	—	10,540	—	10,540
Share-based payments of the Company		—	—	—	—	—	—	—	565	—	—	—	565	—	565
Share-based payments of CFSG's share options		—	—	—	—	—	—	—	—	—	—	—	—	7,566	7,566
Acquisition of non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	—	(953)	(953)
Capital contribution from non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	—	500	500
Issue of new shares		2,500	47,500	—	—	—	—	—	—	—	—	—	50,000	—	50,000
Amount arising from dilution of shareholding in subsidiaries		—	—	—	—	—	—	—	—	—	—	—	—	(114,598)	(114,598)
Transaction costs attributable to the issue of new shares		—	(180)	—	—	—	—	—	—	—	—	—	(180)	—	(180)
Issue of new shares by a subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	47,040	47,040
Amount transferred to accumulated losses as a result of expiration of share options		—	—	—	—	—	—	—	(711)	—	—	711	—	—	—
Amount reversed as a result of expiration of CFSG's share options		—	—	—	—	—	—	—	—	—	—	—	—	(494)	(494)
At 31 December 2009 as restated		20,551	364,575	138,926	1,160	12,314	4,571	10,540	506	18,907	15,564	(227,025)	360,589	294,322	654,911
Profit for the year		—	—	—	—	—	—	—	—	—	—	50,792	50,792	(7,555)	43,237
Other comprehensive (expense) income for the year		—	—	—	—	—	(5,340)	—	—	1,257	—	—	(4,083)	(707)	(4,790)
Total comprehensive (expense) income for the year		—	—	—	—	—	(5,340)	—	—	1,257	—	50,792	46,709	(8,262)	38,447
2010 dividend paid by a subsidiary		—	—	—	—	—	—	—	—	—	—	—	—	(6,378)	(6,378)
Share-based payments of the Company		—	—	—	—	—	—	—	4,422	—	—	—	4,422	—	4,422
Share-based payments of CFSG's share options		—	—	—	—	—	—	—	—	—	—	—	—	4,240	4,240
Amount transferred from share premium to contributed surplus	(e)	—	(200,000)	200,000	—	—	—	—	—	—	—	—	—	—	—
Amount transferred to set off accumulated losses	(f)	—	—	(250,000)	—	—	—	—	—	—	—	250,000	—	—	—
Transfer upon exercise of share options		—	1,438	—	—	—	—	—	(1,438)	—	—	—	—	—	—
Transfer upon losing control of subsidiaries	(g)	—	—	—	—	(12,314)	—	—	—	(18,245)	(15,564)	46,123	—	(283,922)	(283,922)
Issue of new shares		2,000	48,000	—	—	—	—	—	—	—	—	—	50,000	—	50,000
Shares issued upon conversion of convertible notes		1,670	16,986	—	—	—	—	(3,656)	—	—	—	—	15,000	—	15,000
Exercise of share options		2,021	40,643	—	—	—	—	—	—	—	—	—	42,664	—	42,664
Issue of shares upon bonus issue		4,660	(4,660)	—	—	—	—	—	—	—	—	—	—	—	—
Transaction costs attributable to issue of new shares		—	(2,552)	—	—	—	—	—	—	—	—	—	(2,552)	—	(2,552)
Dividends paid		—	—	—	—	—	—	—	—	—	—	(4,660)	(4,660)	—	(4,660)
At 31 December 2010		30,902	264,430	88,926	1,160	—	(769)	6,884	3,490	1,919	—	115,230	512,172	—	512,172

Notes:

(a) Under the Companies Act 1981 of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

(b) Under the Companies Act 1981 of Bermuda, contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contribution surplus, if:

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

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

(c) The contributed surplus of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1994 and the nominal value of the issued share capital of the Company issued in exchange thereof, and the net amount arising from the reduction of share premium account, capital reduction and the amounts transferred to set-off accumulated losses.

(d) The other reserve of the Group represents the reserve arising from the distribution of shares of CASH Financial Services Group Limited ("CFSG") (formerly known as CASH on-line Limited) in year 2000. Upon the losing control of CFSG during the year ended 31 December 2010, the other reserve of HK$12,314,000 was transferred to retained earnings of the Group.

(e) Pursuant to a resolution of a board of directors' meeting held on 24 September 2010, an amount of HK$200,000,000 was transferred from the share premium account to contributed surplus account where it may be utilised in accordance with the bye-laws of the Company and all the applicable laws.

(f) Pursuant to a resolution of a board of directors' meeting held on 27 September 2010, an amount of HK$250,000,000 was transferred from contributed surplus to set off against the accumulated losses of the Company.

(g) Properties revaluation reserve of HK$18,245,000 was transferred to retained earnings of the Group upon the losing control of CFSG during the year ended 31 December 2010.

(h) The balance of revaluation reserve represents fair value adjustment attributable to the Group's interest in an associate before the acquisition of additional interests in that associate (which became a subsidiary after the acquisition of additional interest). Upon the losing control of CFSG during the year ended 31 December 2010, the revaluation reserve of HK$15,564,000 was transferred to retained earnings of the Group.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000 (restated)
Operating activities		
(Loss) profit before taxation		
— continuing operations	**(18,564)**	(38,389)
— discontinued operations	**71,953**	61,636
Adjustments for:		
Reversal of bad and doubtful debts	**920**	—
Amortisation of intangible assets	**8**	4,129
Depreciation of property and equipment	**43,025**	50,517
Share-based payments	**8,662**	8,131
Write-down on inventories	**640**	235
Dividends from held for trading investments	**(798)**	(1,742)
Gain on losing control of subsidiaries	**(80,745)**	—
Loss on dilution of shareholding in associates	**9,507**	—
Gain on dilution of shareholding in subsidiaries	**—**	(70,393)
Fair value change on investment property	**(19,074)**	(52,455)
Realised gain on disposal of available-for-sale investments	**—**	(12,976)
Interest income	**(38)**	(33)
Interest expense	**24,174**	35,698
Loss on disposal of property and equipment	**120**	26
Gain on disposal of other intangible assets	**—**	(393)
Change in fair value of derivative financial instruments	**—**	(3,067)
Share of results of associates	**(37,475)**	(5,247)
Impairment loss recognised on goodwill	**—**	2,718
Impairment loss recognised on accounts and other receivables and prepayments	**—**	6,805
Reversal of impairment of intangible assets	**(2,730)**	—
Operating cashflow before movements in working capital	**(415)**	(14,800)
Increase in other deposits	**(7,763)**	—
Decrease (increase) in inventories	**1,086**	(4,426)
Increase in accounts receivable	**(1,697,893)**	(201,240)
Increase in loan receivables	**(15,695)**	(6,755)
Decrease in prepayments, deposits and other receivables	**490**	1,734
Decrease in amounts due from associates	**—**	260
Decrease in listed investments held for trading	**16,946**	33,923
Decrease (increase) in bank balances — trust and segregated accounts	**37,470**	(223,033)
Increase in accounts payable	**74,099**	335,951
Increase (decrease) in deferred revenue	**1,559**	(5,058)
Increase (decrease) in accrued liabilities and other payables	**23,277**	(12,731)
Net cash used in operations	**(1,566,839)**	(96,175)
Income taxes paid	**(5,111)**	(35,532)
Dividends received	**798**	1,742
Net cash used in operating activities	**(1,571,152)**	(129,965)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000 (restated)
Investing activities			
Interest received		**38**	33
Proceeds from disposal of available-for-sale investments		**—**	12,976
Losing control of subsidiaries	36	**(205,849)**	—
Acquisition of subsidiaries	37	**—**	11
Decrease in bank deposits under conditions		**3,681**	13,980
Proceeds from disposal of property and equipment		**208**	217
Proceeds on disposal of investment property		**—**	51,000
Purchase of property and equipment		**(26,431)**	(58,544)
Purchase of investment properties		**(1,636)**	—
Statutory and other deposits paid		**(4,317)**	(1,593)
Purchase on intangible assets		**—**	(300)
Development costs paid		**(19,365)**	—
Proceeds from disposal of intangible assets		**—**	1,703
Net cash (used in) from investing activities		**(253,671)**	19,483
Financing activities			
Capital contribution from non-controlling interests		**—**	500
Net proceeds (repayment from) borrowings		**1,567,470**	(2,586)
Repayments of obligations under finance leases		**(239)**	(127)
Proceeds on issue of shares		**92,664**	50,000
Proceeds on issue of shares to non-controlling interests		**—**	47,040
Dividends paid to non-controlling interests of CFSG		**(6,378)**	—
Dividends paid by the Company		**(4,660)**	—
Interest paid on obligations under finance leases		**(17)**	(23)
Acquisition of additional interest in a subsidiary		**—**	(1,400)
Share issue expenses		**(2,552)**	(180)
Interest paid on borrowings and convertible notes		**(18,596)**	(30,892)
Net cash from financing activities		**1,627,692**	62,332
Net decrease in cash and cash equivalents		**(197,131)**	(48,150)
Cash and cash equivalents at beginning of year		**278,987**	327,480
Effect of foreign exchange rate changes		**95**	(343)
Cash and cash equivalents at end of year		**81,951**	278,987
Being:			
Bank balances (general accounts) and cash		**81,951**	278,987

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information of this annual report.

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 47. Specifically, the activities carried out by CFSG and its subsidiaries, indirectly subsidiaries of the Company, primarily financial services and retailing operations, were classified as discontinued operations upon loss of control over CFSG due to decrease in Group's voting power on CFSG from 52.88% to 49.94% in October 2010 (see details in note 14). Accordingly, the comparatives of the consolidated statement of comprehensive income have been restated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners
HK — INT 5	Borrower of a term loan that contains a repayment on demand clause

Except as described below, the adoption of these new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements.

HKAS 27 (as revised in 2008) Consolidated and separate financial statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group. The definition of non-controlling interest has been changed.

Specifically, when control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

The application of the revised standard has affected the accounting for the Group's losing control of CFSG in the current year. The change in policy has resulted in the difference of HK$75,310,000 between the fair value of the retained interest of CFSG at the date control is lost of HK$384,622,000 and the decognised assets, liabilities and non-controlling interests of CFSG with carrying amounts of HK$309,312,000 being recognised directly in profit or loss. Therefore, the change in accounting policy has resulted in an increase in the profit for the year of HK$80,745,000 (including release of cumulative exchange differences in the net assets of CFSG amounting to HK$5,435,000). As disclosed in note 21, the initial accounting for certain underlying assets and liabilities has been determined provisionally. Further impact on the application of the revised standard will be presented upon finalisation of the valuation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKAS 27 (as revised in 2008) Consolidated and separate financial statements (continued)

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The application of the revised standard has resulted in share options reserve relating to the employee share option plan of CFSG being included as part of non-controlling interest in the consolidated statement of financial position and consolidated statement of changes in equity (see note 39 for details). Previously, such share options reserve was presented separately in the consolidated statement of financial position and consolidated statement of changes in equity.

Amendments to HKAS 7 Statement of Cash Flows

As a part of the consequential amendments of HKAS 27, HKAS 7 specifies that the cash flows arising from changes in ownership interest in a subsidiary that do not result in a loss of control should be classified as financing activities in the consolidated statement of cash flows. This change has been applied retrospectively. Accordingly, the cash consideration paid in the prior year of HK$1,400,000 of acquisition of additional interest in a subsidiary has been reclassified from cash flows used in investing activities to cash flows used in financing activities.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property and equipment and stated at revalued amount in accordance with the Group's accounting policy. Details of the financial impact are set out as below.

Leasehold land that qualifies for finance lease classification was disposed of upon losing control of CFSG in October 2010. Accordingly, the application of the amendments to HKAS 17 has had no impact on the consolidated statement of financial position as at 31 December 2010. Also, its application has had no impact on the reported profit or loss for current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Hong Kong Interpretation 5 Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

Hong Kong Interpretation 5 "Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause" ("HK-INT 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK-INT 5 for the first time in the current year. HK-INT 5 requires retrospective application.

In order to comply with the requirements set out in HK-INT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK-INT 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$26,254,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 (1 January 2009: nil). As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$31,238,000 have been reclassified as current liabilities.

Such bank loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 5 for details).

Restatements

For the year ended 31 December 2009, the Company issued Convertible Notes (as defined in note 35) with a principal amount of HK$43,243,000. During the year ended 31 December 2010, the management considered the fair value of embedded early redemption option is insignificant at the date of issuance of Convertible Notes and 31 December 2009 because the Noteholder (as defined in note 35) has the priority to exercise the conversion option over the redemption of the Convertible Notes by the Company. The adjustments to fair values of embedded derivative of early redemption option at the date of issuance and 31 December 2009 were made.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Summary of the effects of the above changes in accounting policies and restatements

The effects of changes in accounting policies described above and restatements on the results for the current and prior year is as follows:

	Year ended 31 December 2010 HK$'000	Year ended 31 December 2009 HK$'000
Decrease in fair value gain on embedded derivative of Convertible Notes	**—**	(5,921)
Decrease in gain on dilution of shareholding in subsidiaries	**—**	(10,143)
Decrease in deficit on buildings (included in administrative expenses)	**—**	1,200
Increase in depreciation of property and equipment	**(311)**	(415)
Decrease in amortisation of prepaid lease payments	**311**	415
Increase in gain on losing control of subsidiaries	**80,745**	—
Increase (decrease) in profit for the year	**80,745**	(14,864)

The effects of the above changes in accounting policies and restatements on the financial positions of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	As at 1 January 2009 (originally stated) HK$'000	**Adjustments** HK$'000	**As at 1 January 2009 (restated)** HK$'000	**As at 31 December 2009 (originally stated)** HK$'000	**Adjustments** HK$'000	**As at 31 December 2009 (restated)** HK$'000
Property and equipment	172,019	32,200	204,219	179,018	42,800	221,818
Prepaid lease payments	15,548	(15,548)	—	15,133	(15,133)	—
Prepayments, deposits and other receivables	75,775	(415)	75,360	45,720	(415)	45,305
Embedded derivative of convertible notes	—	—	—	15,667	(15,667)	—
Borrowings — current	(383,071)	—	(383,071)	(484,228)	(26,254)	(510,482)
Borrowings — non-current	(128,271)	—	(128,271)	(89,026)	26,254	(62,772)
Deferred tax liabilities	(7,606)	(2,450)	(10,056)	(17,134)	(4,070)	(21,204)
Properties revaluation reserve	—	(12,399)	(12,399)	—	(18,907)	(18,907)
Convertible notes equity reserve	—	—	—	(20,286)	9,746	(10,540)
Accumulated losses	249,947	(1,388)	248,559	213,239	13,786	227,025
Share option reserve	(652)	—	(652)	(3,923)	3,417	(506)
Non-controlling interests	(370,324)	—	(370,324)	(278,765)	(12,140)	(290,905)
Non-controlling interests (share option reserve)	—	—	—	—	(3,417)	(3,417)
Total non-controlling interests	(370,324)	—	(370,324)	(278,765)	(15,557)	(294,322)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Summary of the effects of the above changes in accounting policies and restatements (continued)

The effects of the above changes in accounting policies on the Group's basic and diluted (loss) earnings per share for current and prior year are as follows:

Impact on basic and diluted (loss) earnings per share

	2010 **HK cents**	2009 HK cents
Figures before adjustments	**(1.160)**	1.573
Adjustments arising from changes in the Group's accounting policies in relation to:		
— decrease in fair value gain on embedded derivative of convertible notes	**—**	(0.259)
— decrease in gain on dilution of shareholding in subsidiaries	**—**	(0.443)
— decrease in deficit on building (included in administrative expenses) recognised to profit or loss due to adoption of HKAS 17	**—**	0.039
— increase in depreciation of property and equipment	**(0.012)**	(0.018)
— decrease in amortisation of prepaid lease payments	**0.012**	0.018
— increase in gain on losing control of CFSG	**3.128**	—
Figures after adjustments	**1.968**	0.910

Diluted earnings per share for both years has not assumed the exercise of share options and conversion of the Convertible Notes.

The Group has not early applied the following new and revised Standards, Amendments to Standards and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures—Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of HKFRS 9 will mainly affect the classification and measurement of the Group's available-for-sale investments.

The amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If that presumption is not rebutted, the deferred tax reflects the tax consequences of recovering the carrying amount entirely through sale, even if the entity expects to earn rental income from the property before sale.

In the opinion of the Directors of the Company, they are in the process of assessing the effect of application of HKFRS 9 and HKAS 12 (Amendments) as stated above, reasonable estimate has yet been provided until detailed review has been completed.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for leasehold land and buildings and financial instruments, which are measured at revalued amount or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations took place prior to 1 January 2010

The acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair values at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position as an intangible asset.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost or fair value of the investment retained in the former subsidiary at the date when control is lost, and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Provisional values of accounting for acquisition of associates

If the initial accounting for acquisition of associates is incomplete by the end of the reporting period in which the acquisition occurs, the fair values of the items for which the accounting is incomplete are measured at provisional amounts. During the measurement period, provisional amounts used at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods arising from retailing business is recognised when the goods are delivered and title has passed.

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

- The net increase or decrease in fair value of trading investments are recognised directly in net profit or loss;
- Commission income for broking business is recorded as income on a trade date basis;
- Underwriting commission income, sub-underwriting income, placing commission and sub-placing commission are recognised as income in accordance with the terms of the underlying agreement or deal mandate when relevant significant act has been completed;
- Advisory and other fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and
- Interest income from clients are recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

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

- Online game subscription income is recognised when the in-game premium features is consumed or points for in-game premium features is expired. Payments received from the sales of points for in-game premium features, that have not been consumed, are recorded as deferred revenue;
- Sales of online game auxiliary products are recognised when products are delivered and title has passed; and
- Licensing fee income is recognised on a straight-line basis over the licensing period.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

To the extent the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

From 1 January 2010 onwards, on the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of associates that do not result in the Group losing significant influence, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed benefit scheme and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Leasehold land and buildings, included in property and equipment, held for use in the production or supply of goods or services, or for administrative purposes are stated at fair value, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Any revaluation increase arising on revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that if reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising in revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits/accumulated losses.

Other property and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost or fair value of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Research and development expenditures

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

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs is calculated using the first-in-first-out method.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent those held for trading.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts receivable, loan receivables, loan to an associate, deposits and other receivables, bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets, other than these at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including accounts payable, accrued liabilities and other payables, borrowings, loan from a non-controlling interest and obligation under finance leases) are subsequently measured at amortised cost using the effective interest method.

Convertible notes

Convertible notes issued by the Group that contain both the liability, early redemption option and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. The early redemption option represent the redemption at the option of the bond holders before maturity date.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The early redemption option component is recognised at fair value. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component and early redemption option component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Equity-settled share-based payment transactions

Share option granted to employees

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to share option reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

No deferred tax asset has been recognised on the tax losses of HK$392,401,000 (2009: HK$450,799,000) due to the unpredictability of future profit streams of the relevant subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the estimated future profits generated increase, a material amount of deferred tax assets would be recognised, which would be recognised in profit or loss for the period in which such the revised estimate takes place.

Estimated impairment of goodwill and intangible assets

Determining whether goodwill and online game related intangible assets allocating to CGUs are impaired requires an estimation of the value in use of the online game services CGUs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs, a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. During the year ended 31 December 2009, an impairment loss of approximately HK$2,718,000 was recognised in the goodwill. As at 31 December 2010, the carrying amounts of goodwill, approximately HK$83,361,000 (2009: HK$146,071,000). Details of the recoverable amount calculation are disclosed in note 23.

Determining whether intangible asset relating to domain name is impaired requires an estimation of the fair value less costs to sell. The fair value less costs to sell is arrived at by market approach, which is to determine the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. During the year ended 31 December 2010, a reversal of impairment loss of HK$2,730,000 is credited to the profit or loss as the fair value of domain name exceeds its carrying amounts. As at 31 December 2010, the carrying amount of the domain name is approximately HK$5,460,000 (2009: HK$2,730,000). Details of the recoverable amount calculation are disclosed in note 22.

5. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 32, loan from a non-controlling interest (before the losing control of CFSG) disclosed in note 33, convertible notes disclosed in note 35 and equity attributable to owners of the Company, comprising issued share capital disclosed in note 34, retained earnings/accumulated losses and other reserves as disclosed in consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Categories of financial instruments

	2010	2009
	HK$'000	HK$'000
Financial assets		
Available-for-sale investments	**—**	—
Held for trading investments	**1,875**	45,232
Loans and receivables (including cash and cash equivalents)	**86,904**	1,685,495
Financial liabilities		
Amortised cost	**208,670**	1,828,442

Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of some of these risks by using derivative financial instruments. The use of derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits are reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade derivative financial instruments for speculative purposes.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks, until the Group losing control over CFSG during the year ended 31 December 2010. After losing control of CFSG, the Group's exposure to interest rate risk, credit risk and liquidity risk is significantly reduced. Details of the change in exposure to respective risks are disclosed below.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

Equity price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. As a result of more stable financial market in 2010, the management adjusted the sensitivity rate from 30% for 2009 to 15% for 2010 for the purpose of assessing equity price risk. A 15 percent change represents management's assessment of the reasonably possible change in equity price.

As at 31 December 2010, if the market bid prices of the Group's listed equity investments had been 15 percent higher/lower, the Group's post-tax profit would increase/decrease by approximately HK$281,000 (2009: the Group's profit would increase/decrease by approximately HK$13,570,000). This is mainly attributable to the changes in fair values of the listed held for trading investments.

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

Interest rate risk

As 31 December 2009, the Group was also exposed to fair value interest rate risk in relation to fixed-rate bank balances and loan receivables recognised by CFSG. The Group currently does not have a fair value interest rate hedging policy.

At 31 December 2010, the Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings and bank balances. At 31 December 2009, the Group was also exposed to cash flow interest rate risk in relation to variable-rate loan receivables and loans to margin clients recognised by CFSG. The Group currently does not have a cash flow interest rate hedging policy. A 50 basis points (2009: 100 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates.

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

The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Bank balances are excluded from sensitivity analysis as it is subject to minimal interest rate fluctuation during the year ended 31 December 2010. As at 31 December 2010, if the interest rate had been 50 basis points (2009: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by HK$860,000 (2009: the Group's profit would increase/decrease by HK$8,519,000). This is mainly attributable to the Group exposure to the interest rates on variable-rate borrowings.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to foreign currency denominated accounts receivable with foreign brokers and bank balances. The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises.

More than 90% of financial assets and financial liabilities of the Group are denominated in United States Dollar ("US$") or Hong Kong Dollars ("HK$"). As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchange rates. No foreign currency sensitivity is disclosed as in the opinion of Directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the US$/HK$ exchange rates and insignificant exposure of other foreign currencies as at the end of the reporting period.

Credit risk

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

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

Other than concentration of credit risk on loan to an associate made by CFSG prior to losing control, the Group has no significant concentration of credit risk, as the exposure spread over a number of counterparties and customers.

Bank balances and deposits are placed in various authorised institutions and the Directors of the Company consider the credit risk of such authorised institutions is low.

Liquidity risk

The Group has net current liabilities of approximately HK$97,845,000 (2009: nil) as at 31 December 2010. The consolidated financial statements have been prepared on a going concern basis because the Directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account of the cashflows from operations.

Prior to losing control of CFSG, the Group was exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and customers in relation to CFSG's broking activities. To address the risk, treasury team worked closely with the settlement division on monitoring the liquidity gap. In addition, for contingency purposes, clean loan facilities were put in place.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

For retailing (before losing control of CFSG) and online game services activities, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with all the loan covenants.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2010							
Accounts payable	N/A	32	—	—	—	32	32
Accrued liabilities and other payables	N/A	17,924	—	—	—	17,924	17,924
Borrowings	Note (1)	157,898	19,765	—	—	177,663	171,981
Convertible Notes (note (2))	25%	28,808	—	—	—	28,808	18,733
		204,662	19,765	—	—	224,427	208,670
At 31 December 2009							
Accounts payable	N/A	1,159,544	—	—	—	1,159,544	1,159,544
Accrued liabilities and other payables	N/A	39,720	—	—	—	39,720	39,720
Borrowings	Note (1)	520,694	4,180	12,541	66,436	603,851	573,254
Loan from a non-controlling interest	N/A	27,437	—	—	—	27,437	27,437
Obligations under finance leases	4%	150	150	38	—	338	315
Convertible Notes (note (2))	25%	7,654	37,653	—	—	45,307	28,172
		1,755,199	41,983	12,579	66,436	1,876,197	1,828,442

Notes:

(1) Variable-rate borrowings carry interest at HIBOR plus a spread or Hong Kong Prime Rate. The prevailing market rate at the end of the reporting period is used in the maturity analysis.

(2) The undiscounted cash outflows represent the coupon interest payments and redemption amount of the convertible notes on the assumption that they will not be early redeemed by the Company before the maturity date.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank loans with a repayment on demand clause are included in the "within 1 year or repayment on demand" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$31,238,000 as at 31 December 2010 (2009: HK$26,254,000). Taking into account the Group's financial position, the Directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate payment. The Directors of the Company believe that such bank loans will be repaid within 3 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows amounted to approximately HK$40,516,000 as at 31 December 2010 (2009: HK$34,213,000).

The amounts included above for variable-rate borrowings are subject to change if changes in variable-interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair values

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

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

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair values of derivative instruments are calculated using quoted prices. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black-Scholes pricing model).

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

	2010 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Held for trading investments				
— Equity securities listed in Hong Kong	**1,875**	**—**	**—**	**1,875**

	2009 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Held for trading investments				
— Equity securities listed in Hong Kong	36,733	—	—	36,733
— Unlisted securities	—	8,499	—	8,499
	36,733	8,499	—	45,232

There were no transfers between Levels 1 and 2 in the current and prior years.

6. REVENUE

	2010 HK$'000	2009 HK$'000
An analysis of the Group's revenue for the year from continuing operations is as follows:		
Online game subscription income	**12,301**	29,473
Sales of online game auxiliary products	**—**	102
Licensing income	**1,522**	2,363
	13,823	31,938

7. SEGMENT INFORMATION

Segment information

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating segments under HKFRS 8 are as follows:

Online game services	Provision of online game services, sales of online game auxiliary products and licensing services
Retailing	Sales of furniture and household goods and electrical appliances
Financial services	Broking, financing, corporate finance services and securities trading

As two operations (financial services and retailing) were discontinued in the current year upon Directors' Disposals (as defined in note 14), the segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 14. Accordingly, the comparatives of segment information have been restated.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment.

	2010	2009
	HK$'000	HK$'000
		(restated)
Continuing operations		
Online game services revenue	**13,823**	31,938
Online game services segment loss	**(7,845)**	(33,424)
Other income and gains	**562**	19,087
Corporate expenses	**(41,972)**	(31,642)
Fair value gain on investment properties	**19,074**	28,165
Share of results of an associate	**33,888**	—
Loss on dilution of shareholding in an associate	**(9,507)**	—
Finance costs	**(12,764)**	(20,575)
Loss before taxation (continuing operations)	**(18,564)**	(38,389)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the loss incurred by online game services segment without allocation of certain other income and gains, corporate expenses, finance costs, fair value gain on investment properties, share of results of an associate and loss on dilution of shareholding in an associate. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000 (restated)	As at 1 January 2009 HK$'000 (restated)
Segment assets			
Online game services segment assets	**123,331**	106,169	136,125
Reconciliation of segment total to group level:			
Assets relating to discontinued operations:			
— retailing business	**—**	421,055	332,432
— financial services business	**—**	1,894,826	1,443,367
Unallocated investment properties	**95,810**	76,151	—
Unallocated property and equipment	**8,823**	3,517	1,297
Interest in an associate	**410,922**	—	—
Deposits paid for purchase of investment properties	**—**	—	63,271
Unallocated prepayments, deposits and other receivables	**7,863**	8,846	4,209
Tax recoverable	**—**	9,381	1,230
Held for trading investments	**1,875**	—	—
Unallocated bank balances (general accounts) and cash	**81,951**	25,744	152,279
Total assets	**730,575**	2,545,689	2,134,210
Segment liabilities			
Online game services segment liabilities	**6,318**	5,779	30,654
Reconciliation of segment total to group level:			
Liabilities relating to discontinued operations:			
— retailing business	**—**	279,649	242,330
— financial services business	**—**	1,361,276	956,252
Unallocated accrued liabilities and other payables	**14,120**	10,052	9,452
Taxation payable	**29**	6,365	24,072
Unallocated borrowings	**171,981**	150,844	191,451
Loan from a non-controlling interest	**—**	27,437	27,437
Convertible notes	**18,733**	28,172	—
Deferred tax liabilities	**7,222**	21,204	10,056
Total liabilities	**218,403**	1,890,778	1,491,704

7. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain investment properties, certain property and equipment, certain prepayments, deposits and receivables, tax recoverable, interest in an associate, held for trading investments and certain bank balances (general accounts) and cash. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual operating segments; and

- all liabilities are allocated to operating segments other than certain accrued liabilities and other payables, taxation payable, certain borrowings, loan from a non-controlling interest, convertible notes and deferred tax liabilities. Liabilities for which operating segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December 2010

Continuing operations

	Online game services HK$'000	**Unallocated HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of property and equipment	**1,002**	**1,107**	**2,109**
Additions of intangible assets	**20,000**	**—**	**20,000**
Depreciation of property and equipment	**5,731**	**2,078**	**7,809**
Amortisation of intangible assets	**8**	**—**	**8**
Reversal of impairment on intangible assets	**2,730**	**—**	**2,730**
Reversal of bad and doubtful debts	**920**	**—**	**920**

For the year ended 31 December 2009

Continuing operations

	Online game services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of property and equipment	346	10,466	10,812
Depreciation of property and equipment	6,076	2,390	8,466
Amortisation of intangible assets	4,129	—	4,129
Impairment loss on other receivables and prepayments	6,525	—	6,525

7. SEGMENT INFORMATION (continued)

Other segment information (continued)

Geographical information

The Group's continuing operations are located in the PRC.

The Group's non-current assets by geographical location of the assets are detailed below:

	2010 **HK$'000**	2009 HK$'000
Hong Kong	**494,735**	59,417
PRC	**140,804**	122,377
	635,539	181,794

Note: Non-current assets excluded those relating to discontinued operations, financial instruments and deferred tax assets.

No customer contributed over 10% of revenue from online games services during both years.

8. SALARIES, ALLOWANCES AND COMMISSION

	2010 **HK$'000**	2009 HK$'000
Continuing operations		
Salaries, allowances and commission represent the amounts paid and payable to the Directors of the Company and employees and comprises of:		
Salaries, allowances and commission	**27,077**	19,599
Contributions to retirement benefits schemes	**2,238**	2,180
Share-based payments	**4,422**	565
Less: Amount capitalisation as online game development costs	**(12,991)**	—
	20,746	22,344

9. FINANCE COSTS

	2010 **HK$'000**	2009 HK$'000
Continuing operations		
Interest on:		
Bank overdrafts, bank loans and other borrowings:		
— wholly repayable within five years	**5,765**	14,673
— wholly repayable more than five years	**644**	365
Effective interest expense on convertible notes	**6,355**	5,537
	12,764	20,575

10. NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 HK$'000	2009 HK$'000
Continuing operations		
Held for trading investments		
— Equity securities listed in Hong Kong	**(2,095)**	(2,533)

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

Directors' remuneration

The remuneration paid or payable to each of the six (2009: seven) Directors was as follows:

	Kwan Pak Hoo Bankee HK$'000	Law Ping Wah Bernard HK$'000	Ng Kung Chit Raymond HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2010							
Fees:							
Executive directors	—	—	—	—	—	—	—
Independent non-executive directors	—	—	—	150	150	—	300
Other remuneration paid to executive directors:							
Salaries, allowances and benefits in kind	3,306	779	642	—	—	—	4,727
Share-based payments	537	537	268	—	—	—	1,342
Contributions to retirement benefit scheme	80	55	32	—	—	—	167
Total remuneration	3,923	1,371	942	150	150	—	6,536

	Kwan Pak Hoo Bankee HK$'000	Lin Che Chu George HK$'000	Law Ping Wah Bernard HK$'000	Ng Kung Chit Raymond HK$'000	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2009								
Fees:								
Executive directors	—	—	—	—	—	—	—	—
Independent non-executive directors	—	—	—	—	100	100	—	200
Other remuneration paid to executive directors:								
Salaries, allowances and benefits in kind	3,660	400	970	34	—	—	—	5,064
Share-based payments	1,285	59	1,285	—	—	—	—	2,629
Contributions to retirement benefit scheme	63	—	49	2	—	—	—	114
Total remuneration	5,008	459	2,304	36	100	100	—	8,007

During the year 31 December 2009, Mr Lin Che Chu George resigned as an executive director of the Company. Mr Ng Kung Chit Raymond was appointed as an executive director of the Company.

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

11. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

Employees' remuneration

Of the five individuals with the highest emoluments in the Group, one (2009: one) was Directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining four (2009: four) individuals were as follows:

	2010 HK$'000	2009 HK$'000
Salaries, allowances and benefits in kind	**6,338**	4,994
Contributions to retirement benefit scheme	**328**	250
Performance related incentive payments	**11,795**	1,687
Share-based payments	**—**	1,553
	18,461	8,484

Their remuneration were within the following band:

	2010 Number of Employees	2009 Number of Employees
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**1**	2
HK$2,500,001 to HK$3,000,000	**—**	1
HK$13,500,001 to HK$14,000,000	**1**	—

12. INCOME TAX EXPENSE

	2010 HK$'000	2009 HK$'000
Continuing operations		
Underprovision on Hong Kong Profits Tax in prior years	**—**	1,869
Deferred taxation	**3,152**	3,457
	3,152	5,326

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

12. INCOME TAX EXPENSE (continued)

The tax charge for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of comprehensive income as follows:

	2010 HK$'000	2009 HK$'000
Loss before taxation	**(18,564)**	(38,389)
Tax at domestic income tax rate of 25% (2009: 25%)	**(4,641)**	(9,597)
Underprovision in respect of prior years	**—**	1,869
Tax effect of share of results of associates	**(8,473)**	—
Tax effect of expenses not deductible for tax purpose	**11,730**	6,236
Tax effect of income not taxable for tax purpose	**(3,967)**	(2,242)
Tax effect of tax losses not recognised	**10,211**	10,841
Tax effect of utilisation of estimated tax losses previously not recognised	**(85)**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,623)**	(1,781)
Income tax expense (relating to continuing operations)	**3,152**	5,326

The following are the major deferred tax liabilities recognised and the movements thereon during the current and prior years in relation to continuing and discontinued operations:

	Accelerated tax depreciation HK$'000	**Revaluation of properties** HK$'000	**Revaluation of investment properties** HK$'000	**Fair value adjustment on intangible assets under business combination** HK$'000	**Total** HK$'000
At 1 January 2009, as restated	(342)	(2,450)	—	(7,264)	(10,056)
(Charge) credit to profit or loss for the year	—	—	(10,143)	615	(9,528)
Charge to other comprehensive income for the year	—	(1,620)	—	—	(1,620)
At 31 December 2009, as restated	(342)	(4,070)	(10,143)	(6,649)	(21,204)
Charge to profit or loss for the year	—	—	(3,152)	—	(3,152)
Credit to other comprehensive income for the year	—	270	—	—	270
Losing control of CFSG	342	3,800	6,073	6,649	16,864
At 31 December 2010	—	—	(7,222)	—	(7,222)

At the end of the reporting period, the Group has unused tax losses of approximately HK$392,402,000 (2009: HK$450,799,000) available for offset against future profits. Upon losing control of CFSG, the amount of unused tax losses arisen from CFSG was reduced by approximately HK$98,901,000 as at 31 December 2010. No deferred tax asset has been recognised due to the unpredictability of future profit streams of those subsidiaries.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$32,770,000 (2009: HK$14,249,000) will expire in various dates up to 2015. The remaining unrecognised tax losses can be carried forward indefinitely.

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2010 HK$'000	2009 HK$'000
Loss for the year from continuing operations has been arrived at after charging:		
Amortisation of intangible assets	**8**	4,129
Auditor's remuneration	**1,300**	724
Operating lease rentals in respect of land and buildings	**10,377**	16,189
Less: Amount capitalised in development costs	**(4,218)**	—
	6,159	16,189
and after crediting to other income and gains:		
Net foreign exchange gain	**(176)**	(231)
Reversal of bad and doubtful debts	**(920)**	—
Gain on disposal of available-for-sale financial assets	**—**	(12,976)
Dividend income from held for trading investments	**(262)**	(48)
Interest income	**(38)**	(33)

14. DISCONTINUED OPERATIONS

Before 11 October 2010, the Group held 48.32% equity interests in CFSG through Celestial Investment Group Limited ("CIGL") and Cash Guardian Limited ("Cash Guardian"), a substantial shareholder of the Company, holds 2.75% equity interest in CFSG. In addition, Mr Kwan Pak Hoo Bankee and Mr Ng Kung Chit Raymond, Directors of the Company, who have 1.32% and 0.49% equity interests and voting power respectively in CFSG. Cash Guardian, Mr Kwan Pak Ho Bankee and Mr Ng Kung Chit Raymond had agreed that they would cast all votes at all shareholders' meeting of CFSG, in accordance with the voting decision of the Company at all times. Therefore, the Company was able to control the voting power at all the general meetings of CFSG. Accordingly, CFSG was accounted for as a subsidiary of the Company.

On 11 October 2010, Cash Guardian, Mr Kwan Pak Hoo Bankee and Mr Ng Kung Chit Raymond disposed of an aggregate of 2.94% equity interest in CFSG ("Directors' Disposals") in the open market. Immediately after the Directors' Disposals, the voting power of the Company on CFSG is dropped from 52.88% to 49.94%, so CFSG has ceased as a subsidiary of the Company with effect from 11 October 2010.

As a result, the Group's financial services and retailing operations which are carried out by CFSG were considered as discontinued during the year.

14. DISCONTINUED OPERATIONS (continued)

The profit for the period/year from the discontinued operations is analysed as follows:

	1.1.2010 to 10.10.2010 HK$'000	1.1.2009 to 31.12.2009 HK$'000
Loss of financial services operation for the period/year	**(18,937)**	(25,395)
Profit of retailing operation for the period/year	**3,145**	2,790
Gain on losing control of subsidiaries	**80,745**	—
Gain on dilution of shareholding in subsidiaries	**—**	70,393
Profit for the period/year from discontinued operations	**64,953**	47,788
Profit for the period/year attributable to:		
Owners of the Company	**72,508**	64,538
Non-controlling interests	**(7,555)**	(16,750)
	64,953	47,788

The results of the financial services and retailing operations for the period from 1 January 2010 to 10 October 2010, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.1.2010 to 10.10.2010 HK$'000	1.1.2009 to 31.12.2009 HK$'000
Revenue	**940,556**	1,097,204
Other income	**4,478**	6,197
Cost of sales for retailing business	**(445,325)**	(503,046)
Salaries, commission and related benefits	**(208,357)**	(244,987)
Depreciation of property and equipment	**(35,216)**	(42,051)
Finance costs	**(11,410)**	(15,123)
Other operating and administrative expenses	**(290,488)**	(351,913)
Change in fair value of derivative financial instruments	**—**	3,067
Change in fair value of investment properties	**—**	24,290
Impairment losses recognised on goodwill	**—**	(2,718)
Fair value gain on financial assets at fair value through profit or loss	**33,406**	16,316
Impairment loss recognised on accounts and other receivables	**—**	(280)
Loss on disposal of property and equipment	**(23)**	(960)
Share of results of associates	**3,587**	5,247
Loss before tax	**(8,792)**	(8,757)
Income tax expense	**(7,000)**	(13,848)
Loss for the period/year	**(15,792)**	(22,605)
Loss for the period/year attributable to:		
Owners of the Company	**(8,237)**	(5,855)
Non-controlling interests	**(7,555)**	(16,750)
	(15,792)	(22,605)

14. DISCONTINUED OPERATIONS (continued)

	1.1.2010 to 10.10.2010 HK$'000	1.1.2009 to 31.12.2009 HK$'000
Loss for the period/year from discontinued operations include the following:		
Write-down on inventories	**640**	235
Auditor's remuneration	**1,264**	2,387
Gain on disposal on intangible assets	**—**	393
Depreciation of property and equipment		
— owned assets	**35,085**	41,942
— leased assets	**131**	109
	35,216	42,051
Cost of inventories recognised as an expense	**445,325**	503,046
Operating lease rentals in respect of land and buildings:		
— Minimum lease payments	**137,178**	158,296
— Contingent rents	**5,092**	3,984
	142,270	162,280
Salaries, allowances and commission	**197,383**	230,547
Contributions to retirement benefit scheme	**6,734**	6,874
Share-based payments	**4,240**	7,566
	208,357	244,987
Net foreign exchange loss (gain)	**139**	(876)
Dividend income from held for trading investments	**(536)**	(1,694)

During the year, the CFSG contributed HK$1,564.39 million (2009: paid HK$44.29 million) from the Group's net operating cash flows, contributed HK$14.98 million (2009: HK$202.98 million) in respect of investing activities and paid HK$1,449 million (2009: contributed HK$253.24 million) in respect of financing activities.

The carrying amount of the assets and liabilities of the CFSG at the date of losing control are disclosed in note 36.

On 6 July 2009, CASH Group Limited ("CGL"), a wholly-owned subsidiary of the Company, entered an agreement with CFSG in relation to the disposal of 100% equity interests in CASH Retail Management (HK) Limited and its subsidiaries (collectively known as "Retail Group") and the loan due from the Retail Group to CFSG at an aggregate consideration of approximately HK$310 million. As a result, the Group's effective interest in the Retail Group was then decreased from 100% to 48.32%. As a result, a gain on dilution of shareholding in subsidiaries of approximately HK$70,393,000 was recognised in profit or loss.

15. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2010 HK$'000	2009 HK$'000 (restated)
Earnings for the purpose of basic earnings per share	**50,792**	20,823

The denominators used are the same as those detailed below for the loss per share from continuing operations.

The incremental shares from assumed exercise of share options and conversion of convertible notes are excluded in the calculating the diluted earnings per share from the continuing and discontinued operations because they are antidilutive in calculating the diluted loss per share from continuing operations.

15. EARNINGS (LOSS) PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2010 HK$'000	2009 HK$'000 (restated)
Profit for the year attributable to owners of the Company	**50,792**	20,823
Less: Profit for the year from discontinued operations attributable to the owners of the Company	**(72,508)**	(64,538)
Loss for the purpose of basic loss per share from continuing operations	**(21,716)**	(43,715)

	2010 '000	2009 '000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share from continuing operations	**2,581,143**	2,288,528

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 24 September 2010, a total of approximately 46,601,000 bonus shares were issued on the basis of one bonus share for every five existing shares held by the shareholders. In addition, pursuant to an ordinary resolution passed by the shareholders at a special general meeting of the Company held on 27 October 2010, each of the Company's share was subdivided into ten shares (details disclosed in note 34(a)). Accordingly, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share have been adjusted for the share subdivision and the bonus issue for the years ended 31 December 2010 and 2009.

The computation of diluted loss per share from the continuing operations for both years has not assumed the exercise of share options and conversion of convertible notes as the effect of which would reduce the loss per share from the continuing operations.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK 2.809 cents per share (2009: HK 2.820 cents per share).

The denominators used are the same as those detailed above for the loss per share from continuing operations.

The incremental shares from assumed exercise of share options and conversion of convertible notes are excluded in the calculating the diluted earnings per share from the discontinued operations because they are antidilutive in calculating the diluted loss per share from continuing operations.

16. DIVIDENDS

	2010 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year:		
2010 interim dividend paid — HK 2 cents per share (before share subdivision and bonus issue)	**4,660**	—

The interim dividend of HK 2 cents per share based on 233,005,148 shares in respect of the year ended 31 December 2010 (2009: nil) was paid during 2010. In addition, the Directors of the Company proposed the share dividend offered to shareholders on the basis of one bonus share for every five existing shares. The share dividend was approved by the shareholders at a special general meeting held on 24 September 2010 and was paid during the year.

The final dividend of HK 0.2 cent per share based on 3,090,222,585 shares in respect of the year ended 31 December 2010 (2009: nil) has been proposed by the Directors of the Company. Final dividend is subject to the approval by the shareholders in annual general meeting.

17. PROPERTY AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST OR VALUATION					
At 1 January 2009	60,000	133,860	151,058	5,512	350,430
Additions	—	41,738	16,806	—	58,544
Disposals/written off	—	(11,804)	(15,458)	(396)	(27,658)
Surplus on valuation	8,000	—	—	—	8,000
At 31 December 2009	68,000	163,794	152,406	5,116	389,316
Additions	—	20,160	6,271	980	27,411
Disposals	—	(3,403)	(2,922)	(501)	(6,826)
Deficit on valuation	(3,000)	—	—	—	(3,000)
Losing control of CFSG	(65,000)	(154,098)	(106,891)	(4,027)	(330,016)
At 31 December 2010	—	26,453	48,864	1,568	76,885
Comprising:					
At cost	—	26,453	48,864	1,568	76,885
At valuation 2010	—	—	—	—	—
At valuation 2009	68,000	—	—	—	68,000
	68,000	26,453	48,864	1,568	144,885

17. PROPERTY AND EQUIPMENT (continued)

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2009	—	72,807	70,267	3,137	146,211
Provided for the year	1,815	25,357	23,075	270	50,517
Eliminated on disposals	—	(11,484)	(15,534)	(397)	(27,415)
Eliminated on revaluation	(1,815)	—	—	—	(1,815)
At 31 December 2009	—	86,680	77,808	3,010	167,498
Provided for the year	1,361	23,133	19,002	164	43,660
Eliminated on disposals	—	(3,004)	(2,993)	(501)	(6,498)
Eliminated on revaluation	(1,361)	—	—	—	(1,361)
Eliminated on losing control of CFSG	—	(87,932)	(57,363)	(1,105)	(146,400)
At 31 December 2010	—	18,877	36,454	1,568	56,899
NET BOOK VALUES					
At 31 December 2010	—	7,576	12,410	—	19,986
At 31 December 2009	68,000	77,114	74,598	2,106	221,818
At 1 January 2009	60,000	61,053	80,791	2,375	204,219

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

Leasehold land and buildings	The shorter of the lease terms and 20 years
Leasehold improvements	The shorter of the lease terms and 5 years
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	3 to 5 years

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

The leasehold land and buildings of the Group were revalued on the date of losing control of CFSG by B.I. Appraisals Limited, an independent qualified professional valuers, on an open market value basis. B.I. Appraisals Limited is not connected with the Group. The revaluation deficit on leasehold land and buildings of approximately HK$1,639,000 (2009: surplus of HK$9,815,000) has been debited to other comprehensive income.

If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of approximately HK$41,648,000 and HK$43,463,000 as at 31 December 2009 and 1 January 2009 respectively.

The net book values of motor vehicles included an amount of HK$298,000 and HK$407,000 in respect of assets held under finance leases as at 31 December 2009 and 1 January 2009 respectively.

During the year ended 31 December 2010, depreciation charge of HK$635,000 (2009: nil) is capitalised as development costs.

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2009	—
Acquisition of subsidiaries (Note 37)	85,186
Additions	77,071
Increase in fair value recognised in profit or loss	52,455
Disposal	(51,000)
At 31 December 2009	163,712
Additions	1,636
Increase in fair value recognised in profit or loss	19,074
Losing control of CFSG (Note 36)	(88,612)
At 31 December 2010	95,810

The fair value of the Group's investment properties at 31 December 2010 and 2009 have been arrived at on the basis of a valuation carried out on that date by B. I. Appraisals Limited, independent qualified professional valuers not connected with the Group. B. I. Appraisals Limited are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

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

The investment properties shown above are situated on:

	2010 HK$'000	2009 HK$'000
Land in Hong Kong with medium-term lease	**75,000**	55,900
Land in the PRC with medium-term lease	**—**	43,952
Land in the PRC with long-term lease	**20,810**	63,860
Total assets	**95,810**	163,712

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at the end of the reporting period comprise:

	2010 HK$'000	2009 HK$'000
Unlisted investments:		
Unlisted shares, at cost	**10,800**	10,800
Less: Impairment loss recognised	**(10,800)**	(10,800)
	—	—

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Taiwan and the British Virgin Islands ("BVI"). They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is significant that the Directors of the Company are of the opinion that their fair values cannot be measured reliably.

20. GOODWILL

	HK$'000
COST	
At 1 January 2009	277,234
Acquisition of additional interest in subsidiaries	447
Deemed disposal of partial interest in the subsidiaries (Note 14)	(44,205)
At 31 December 2009	233,476
Losing of control of CFSG	(62,710)
At 31 December 2010	170,766
IMPAIRMENT	
At 1 January 2009	84,687
Impairment loss recognised	2,718
At 31 December 2009 and 31 December 2010	87,405
CARRYING AMOUNTS	
At 31 December 2010	83,361
At 31 December 2009	146,071

Particulars regarding impairment testing on goodwill are disclosed in note 23.

21. INTERESTS IN ASSOCIATES

	2010 **HK$'000**	2009 HK$'000
Cost of investments in associates:		
Listed in Hong Kong	**375,115**	—
Unlisted	**—**	67,833
Share of post-acquisition other comprehensive income	**1,919**	8,125
Share of post-acquisition profits	**33,888**	40,973
	410,922	116,931
Loan to an associate (Note)	**—**	10,296
Fair value of listed investments	**775,207**	—

Note: Pursuant to the shareholders agreement entered into between a subsidiary, Marvel Champ Investments Limited, and other shareholders of the associate on 27 June 2007, the loan to the associate was unsecured, non-interest bearing and had no fixed repayment terms as at 31 December 2009.

21. INTERESTS IN ASSOCIATES (continued)

As at 31 December 2010, the Group has interest in the following associate:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Proportion of voting power held %	Principal activity
CFSG	Incorporated	Bermuda	Hong Kong	Ordinary	42.13	42.13	Investment holding

Note: CFSG's shares are listed on the Stock Exchange.

As at 31 December 2009, the Group had interest in the following associates:

Name of entity	Form of business structure	Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Proportion of voting power held %	Principal activity
China Able Limited	Incorporated	BVI	PRC	Ordinary	33.33	33.33	Investment holding
Shanghai Property (No. 1) Holding SRL	Incorporated	Barbados	PRC	Ordinary	33.33	33.33	Investment holding
昌裕(上海)房地產經營有限公司	Incorporated	PRC	PRC	Ordinary	33.33	33.33	Property investment

Note: These associates are held by CFSG and ceased to be associates of the Group after the Directors' Disposals.

As at the date of issuance of the consolidated financial statements, the fair value assessments of certain underlying assets and liabilities (in particular, the trademark in relation of the retailing business) of CFSG had not been finalised and thus, the initial accounting for the aforesaid acquisition of equity interest in CFSG has been determined provisionally. Upon finalisation of the valuation, gain on bargain purchase may result and the share of result of the associate and loss on dilution of shareholding in an associate may also change accordingly. The Directors of the Company expect the valuation will be finalised in year 2011.

On 11 October 2010, CFSG ceased as a subsidiary and became an associate of the Company upon the Directors' Disposals. Details are disclosed in note 14. On the same date, the fair value of the interests in CFSG held by the Company is HK$384,622,000. In October and November 2010, CFSG issued shares through private placement and exercise of share options, the Group's beneficial interest in CFSG decreased from 48.32% to 42.13%. As a result, a loss on dilution of shareholding in an associate of HK$9,507,000 was recognised in profit or loss.

21. INTERESTS IN ASSOCIATES (continued)

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

	2010 HK$'000	2009 HK$'000
Total assets	**2,738,931**	712,129
Total liabilities	**(1,794,188)**	(361,336)
Net assets	**944,743**	350,793
Group's share of net assets of associates	**410,922**	116,931
Revenue for the year	**353,647***	44,616
Profit for the year	**80,437***	15,742
Other comprehensive income for the year	**4,554***	—
Group's share of profit and other comprehensive income of associates for the year relating to		
— continuing operations	**35,807**	—
— discontinued operations	**3,587**	5,247
	39,394	5,247

* Included revenue, profit or other comprehensive income of CFSG from the date it became an associate of the Group up to 31 December 2010.

22. INTANGIBLE ASSETS

	Trading rights HK$'000 (Note (a))	Club membership HK$'000	Online game related intellectual property HK$'000	Online game development costs HK$'000 (Note (b))	Domain name HK$'000 (Note (c))	Trademarks HK$'000 (Note (d))	Total HK$'000
COST							
At 1 January 2009	9,092	1,970	16,390	5,593	5,460	38,000	76,505
Additions	300	—	—	—	—	—	300
Disposal	—	(1,310)	—	—	—	—	(1,310)
At 31 December 2009	9,392	660	16,390	5,593	5,460	38,000	75,495
Additions	—	—	—	20,000	—	—	20,000
Losing control of CFSG	(9,392)	(660)	—	—	—	(38,000)	(48,052)
At 31 December 2010	—	—	16,390	25,593	5,460	—	47,443
AMORTISATION AND IMPAIRMENT							
At 1 January 2009	—	—	12,294	5,552	2,730	—	20,576
Charge for the year	—	—	4,096	33	—	—	4,129
At 31 December 2009	—	—	16,390	5,585	2,730	—	24,705
Charge for the year	—	—	—	8	—	—	8
Impairment loss reversed in the year	—	—	—	—	(2,730)	—	(2,730)
At 31 December 2010	—	—	16,390	5,593	—	—	21,983
NET BOOK VALUES							
At 31 December 2010	—	—	—	20,000	5,460	—	25,460
At 31 December 2009	9,392	660	—	8	2,730	38,000	50,790

22. INTANGIBLE ASSETS (continued)

Notes:

(a) As at 31 December 2009, intangible assets with cost of HK$9,392,000 represented trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange.

(b) As at 31 December 2010, intangible assets of online game development costs with carrying amounts of approximately HK$20,000,000 (2009: HK$8,000) represented internally generated online game development costs. This intangible asset has definite useful life and is amortised on a straight-line basis over two years. However, no amortisation is provided during the year ended 31 December 2010 on development costs incurred in 2010 in relation to online game that are not available for use. Management of the Group determines that the recoverable amounts of the online game development costs based on the value in use calculation exceed their carrying amounts.

(c) As at 31 December 2010, intangible assets with carrying amounts of HK$5,460,000 (2009: HK$2,730,000) represent domain name. It represents the legal and beneficial ownership of domain name "www.shanghai.com" and has indefinite useful life.

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

For the purpose of impairment testing on domain name, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is arrived at by market approach, which is to determine the desirability of the domain name through recent sales or offering of similar domain name currently on the market in order to arrive at an indication of the most probable selling price for the domain name. The fair value less costs to sell at 31 December 2010 and 2009 was supported by a valuation carried out at that day by Norton Appraisals Limited, an independent qualified professional valuer not connected with the Group. Based on the valuation report, a reversal of impairment loss on domain name of approximately HK$2,730,000 was recognised to profit or loss during the year ended 31 December 2010 since the recoverable amounts of domain name exceed the carrying amounts.

(d) As at 31 December 2009, intangible assets of trademarks amounting to HK$38,000,000 represent the perpetual right for the use of the brand name "Pricerite" which takes the form of sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. These trademarks are considered by management of the Group as having an indefinite useful life.

23. IMPAIRMENT TESTINGS ON GOODWILL AND INTANGIBLE ASSETS

For the purposes of impairment testing on goodwill, trading rights and trademarks with default useful lives set out in notes 20 and 22 respectively have been allocated to the following cash-generating units ("CGUs") respectively. The carrying amounts of goodwill, trading rights and trademarks as at 31 December 2010 and 2009 allocated to these units are as follows:

	Goodwill		**Trading rights**		**Trademarks**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial services	**—**	21,396	**—**	9,392	**—**	—
Online game services	**83,361**	83,361	**—**	—	**—**	—
Retailing business	**—**	41,314	**—**	—	**—**	38,000
	83,361	146,071	**—**	9,392	**—**	38,000

Trading rights and trademarks are considered by management of the Group as having indefinite useful life because they are expected to be used indefinitely. Management of the Group considers cashflow projections which were prepared based on financial budgets covering respective period of goodwill, trading rights and trademarks to determine whether there was any impairment of any of its CGUs containing goodwill, trading rights and trademarks as at 31 December 2010 and 2009.

The recoverable amount of the CGU of online game services has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period and discount rate of 15% (2009: 12%). The cash flows beyond the five-year period are extrapolated 6% (2009: 20%) using a steady percentage growth rate of 6% (2009: 20%). The aforesaid growth date used for the CGU of online game is determined by reference to the growth rate for the corresponding industry to which the CGU belongs. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted active concurrence user, peak concurrence user and payment subscribers. Such estimation is based on the CGU's past performance and management's expectations for the market development. In estimating the cash inflows/outflows, the management has taken into account of the future prospect on new online game products to be launched and revenue to be generated from these subsidiaries, the management considers no impairment on goodwill since the recoverable amount of the above CGU exceeds its carrying value.

The recoverable amount of the CGU of financial services has been determined based on a value in use calculation as at 31 December 2009. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a three-year period and discount rate of 8%. A key assumption for the value in use calculation is the estimation of cash inflows/outflows, which are determined based on past performance and management's expectations for the market development. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the aggregate carrying amount of the above CGU to exceed the aggregate recoverable amount of the above CGU.

As at 31 December 2009, the recoverable amount of the CGU of retailing business has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period and discount rate of 16%. The cash flows beyond the one-year period are extrapolated having an average 19% growth rate. The growth rate is based on the relevant industry growth forecasts and average long-term growth rate for the relevant industry in Hong Kong. A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development. No impairment on goodwill and trademark was noted. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the aggregate carrying amount of the above CGU to exceed the aggregate recoverable amount of the above CGU.

24. OTHER ASSETS

	2010 HK$'000	2009 HK$'000
Statutory and other deposits	—	11,040

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

25. LOAN RECEIVABLES

	2010 HK$'000	2009 HK$'000
Variable-rate loan receivables	—	24,700
Less: Allowance for bad and doubtful debts	—	(3,597)
	—	21,103
Analysed as:		
Non-current assets	—	5,392
Current assets	—	15,711
	—	21,103

As at 31 December 2009, except for the loan receivables with the carrying amount of HK$3,368,000 which was non-interest bearing, interest rates underlying the variable-rate loan receivables were Hong Kong Prime Rate plus a spread.

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

Movement in the allowance for bad and doubtful debts:

	2010 HK$'000	2009 HK$'000
Balance at the beginning of the year	3,597	3,733
Amounts recovered during the year	—	(136)
Eliminated on losing control of CFSG	(3,597)	—
Balance at the end of the year	—	3,597

At the end of each reporting date, the Group's loan receivable were individually determined to be impaired. The Group encountered difficulties in collection of certain loan receivables and appropriate provision for impairment has been made against these loan receivables. The individually impaired receivables are recognised based on the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment was recognised. As at 31 December 2009, included in the above provision for impairment is a provision for individually impaired short term loan receivables of HK$3,597,000 with a gross carrying amount of HK$6,965,000. The individually impaired short term loan receivables relate to customers that were in default or delinquency in repayments.

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

25. LOAN RECEIVABLES (continued)

In respect of loan receivables which were past due but not impaired as at 31 December 2009, the aged analysis (from due date) was as follows:

	HK$'000
Over 90 days	3,368

The loan receivables with a carrying amount of HK$17,735,000 which were neither past due nor impaired for which the Group believed that the amounts were considered recoverable as at 31 December 2009. These loan receivables that were neither individually nor collectively considered to be impaired relate to a number of borrowers for whom there was no recent history of default.

The variable-rate loan receivables had contractual maturity dates as at 31 December 2009 as follows:

	HK$'000
On demand or within one year	15,711
In more than one year but not more than two years	4,998
In more than two years but not more than five years	144
More than five years	250
	21,103

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

25. LOAN RECEIVABLES (continued)

Included in loan receivables are loans to Directors. Loan to Directors, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

	Balance at 1 January HK$'000	Balance at 31 December HK$'000	Maximum amount outstanding during the year HK$'000	Securities held HK$'000
Directors of both the Company and CFSG				
Mr Law Ping Wah Bernard				
2010	900	—	958	N/A
2009	—	900	956	N/A
Directors of the Company				
Mr Ng Kung Chit Raymond				
2010	940	—	970	N/A
2009	—	940	968	N/A
Mr Lin Che Chu George (Note)				
2010	945	—	945	N/A
2009	—	945	945	N/A
Directors of CFSG				
Mr Chan Chi Ming Benson				
2010	900	—	974	N/A
2009	—	900	956	N/A
Mr Cheng Man Pan Ben				
2010	900	—	974	N/A
2009	—	900	956	N/A
Mr Yuen Pak Lau Raymond				
2010	900	—	974	N/A
2009	—	900	956	N/A

Note: During the year ended 31 December 2009, Mr Lin Che Chu George resigned as Director of the Company.

26. INVENTORIES

	2010 HK$'000	2009 HK$'000
Finished goods held for sale	**—**	43,454

27. ACCOUNTS RECEIVABLE

	2010 HK$'000	2009 HK$'000
Accounts receivable arising from the business of dealing in securities and equity options:		
Clearing houses, brokers and dealers	—	27,842
Cash clients	—	68,060
Margin clients	—	272,209
Accounts receivable arising from the business of dealing in futures and options:		
Clients	—	180
Clearing houses, brokers and dealers	—	134,570
Commission receivables from brokerage of mutual funds and insurance-linked investment plans and products	—	1,794
Accounts receivable arising from the business of provision of corporate finance services	—	650
Accounts receivable arising from the business of provision of online game services	**632**	1,858
	632	507,163

The settlement terms of accounts receivable arising from the business of dealing in securities and leveraged foreign exchange contracts were two days after trade date or at specific terms agreed with clearing houses, brokers and dealers, and accounts receivable arising from the business of dealing in futures and options were one day after trade date or at specific terms agreed with clearing houses, brokers and dealers.

Trade receivables from margin and cash clients arising from the business of dealing in securities were repayable on demand subsequent to settlement date. No aged analysis is disclosed as in the opinion of Directors of the Company, the aged analysis does not give additional value in view of the nature of broking business.

In respect of the commission receivables from brokerage of mutual funds and insurance-linked investment plans and products, and accounts receivable arising from the business of corporate finance services and online game services, the Group allows a credit period of 30 to 90 days. The aged analysis is as follows:

	2010 HK$'000	2009 HK$'000
0–30 days	**625**	2,483
31–60 days	**2**	910
61–90 days	**5**	141
Over 90 days	—	768
	632	4,302

As at 31 December 2009, loans to margin clients were secured by clients' pledged securities at fair values of approximately HK$990,538,000 which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group was able to use client's pledged securities up to the amount of 140% of the loans to margin clients as collateral of the Group's borrowings (with client's consent). The loans were repayable on demand and bore interest at commercial rates. No aged analysis is disclosed as in the opinion of Directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 December 2009, accounts receivable were netted off by allowance for bad and doubtful debts of approximately HK$7,524,000.

27. ACCOUNTS RECEIVABLE (continued)

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

Movement in the allowance for bad and doubtful debts:

	2010 **HK$'000**	2009 HK$'000
Balance at the beginning of the year	**7,524**	7,524
Eliminated on losing control of CFSG	**(7,524)**	—
Balance at the end of the year	**—**	7,524

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

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

As at 31 December 2009, included in the Group's accounts receivable was debtors, with a carrying amount of HK$10,869,000 which were past due at the reporting date for which the Group had not provided as there had not been a significant change in credit quality. The Group believes that the amounts were still considered recoverable given the substantial subsequent settlement after the reporting date.

In respect of accounts receivable which were past due but not impaired as at 31 December 2009, the aged analysis (from due date) is as follows:

	HK$'000
0–30 days	8,041
31–60 days	2,240
61–90 days	41
Over 90 days	547
	10,869

The accounts receivable with a carrying amount of approximately HK$632,000 (2009: HK$496,294,000) are neither past due nor impaired at the end of the reporting period for which the Group believes that the amounts are recoverable.

27. ACCOUNTS RECEIVABLE (continued)

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

Name	Balance at 1 January HK$'000	Balance at 31 December HK$'000	Maximum amount outstanding during the year HK$'000	Market value of pledged securities at 31 December HK$'000
Directors of the Company				
Mr Law Ping Wah Bernard and associates (Note)				
2009	—	—	25,068	13,737
2010	—	—	28,892	—
Mr Ng Kung Chit Raymond and associates				
2009	—	—	780	2,397
2010	—	—	492	—
Directors of CFSG				
Mr Chan Chi Ming Benson and associates				
2009	—	—	—	6,700
2010	—	—	—	—
Mr Cheng Man Pan Ben and associates				
2009	29	61	21,785	4,137
2010	61	—	4,024	—
Mr Yuen Pak Lau Raymond and associates				
2009	—	—	—	4,297
2010	—	—	—	—
Substantial shareholders of the Company				
Cash Guardian Limited				
2009	—	—	—	1,902
2010	—	—	24,799	—
Mr Kwan Pak Hoo Bankee and associates				
2009	—	—	27,389	3,475
2010	—	—	26,150	—
Substantial shareholders of CFSG				
Abdulrahman Saad Al-Rashid & Sons Company Limited and associates				
2009	—	—	—	45,872
2010	—	—	—	—

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

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

28. HELD FOR TRADING INVESTMENTS

	2010 **HK$'000**	2009 HK$'000
Equity securities listed in Hong Kong	**1,875**	36,733
Unlisted investment funds, at fair value	**—**	8,499
	1,875	45,232

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

In opinion of the Directors of the Company, the carrying amount of unlisted securities approximated to the fair value as at 31 December 2009.

29. BANK DEPOSITS UNDER CONDITIONS AND BANK BALANCES

Bank deposits under conditions

	2010 **HK$'000**	2009 HK$'000
Other bank deposits (Note (a))	**—**	17,143
Pledged bank deposits (Notes (b), (c) and (d))	**—**	70,596
	—	87,739

The bank deposits subject to conditions carried floating interest at prevailing market rate per annum. The effective interest rates on the Group's bank deposits subject to conditions were also equal to contracted interest rates. All the deposits have been pledged to secure short-term loan or short-term undrawn facilities, and are therefore classified as current assets.

Notes:

(a) As at 31 December 2009, pursuant to a letter of undertaking given by the Group to a bank, the Group covenanted to maintain deposits of not less than HK$15,000,000 with a bank as a condition precedent to an overdraft facility granted by the bank. The bank deposits would mature within one year or at an earlier date when the overdraft facility was expired.

(b) As at 31 December 2009, the Group's bank deposits of HK$60,898,000 were pledged to secure the short-term general banking facilities granted by banks.

(c) As at 31 December 2009, the Group's bank deposits of HK$600,000 were pledged to facilitate a bank guarantee in favour of a third party for granting advance commission to the Group for the business of brokerage of mutual funds and insurance-linked investment products.

(d) As at 31 December 2009, the Group's bank deposits of HK$9,098,000 were pledged to secure the standby letter of credit facility granted by a bank. The bank deposits would be released on clearance of the facility.

Bank balances—trust and segregated accounts

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

29. BANK DEPOSITS UNDER CONDITIONS AND BANK BALANCES (continued)

Bank balances (general accounts) and cash

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

30. ACCOUNTS PAYABLE

	2010	2009
	HK$'000	HK$'000
Accounts payable arising from the business of dealing in securities and equity options:		
Clearing house	**—**	30,076
Cash clients	**—**	548,749
Margin clients	**—**	210,329
Accounts payable to clients arising from the business of dealing in futures and options	**—**	228,823
Accounts payable to clients arising from the business of dealing in leveraged foreign exchange contracts	**—**	863
Accounts payable arising from the online game services	**32**	320
Trade creditors arising from retailing business	**—**	140,384
	32	1,159,544

The settlement terms of accounts payable arising from the business of dealing in securities were two days after trade date or at specific terms agreed with clearing houses. Accounts payable to margin clients and cash clients were repayable on demand. No aged analysis is disclosed as in the opinion of Directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

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

As at 31 December 2009, the accounts payable amounting to approximately HK$765,112,000 was payable to clients and other institution in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group did not have a currently enforceable right to offset these payables with the deposits placed.

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

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

30. ACCOUNTS PAYABLE (continued)

The following is an aged analysis of trade creditors arising from retailing business as at 31 December 2009:

	HK$'000
0–30 days	70,548
31–60 days	38,562
61–90 days	10,983
over 90 days	20,291
	140,384

31. OBLIGATIONS UNDER FINANCE LEASES

	2010	2009
	HK$'000	HK$'000
Analysed for reporting purpose as:		
Current liabilities	—	135
Non-current liabilities	—	180
	—	315

The Group has entered into finance leases for one motor vehicle with lease term of four years for the year ended 31 December 2009. Interest rates underlying all obligations under finance leases were fixed at 6% per annum. No arrangements had been entered into for contingent rental payments.

	Minimum lease payments		**Present value of minimum lease payments**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases				
Within one year	—	150	—	135
In more than one year but not more than two years	—	188	—	180
	—	338	—	315
Less: Future finance charges	—	(23)	—	—
Present value of lease obligations	—	315	—	315
Less: Amount due for settlement within one year (shown under current liabilities)			—	(135)
Amount due for settlement after one year			—	180

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

32. BORROWINGS

	2010 HK$'000	2009 HK$'000
Secured bank borrowings:		
Bank overdrafts	—	71,480
Bank loans	53,669	288,481
Trust receipt loans	—	97,575
	53,669	457,536
Secured other borrowings	100,012	100,011
Unsecured other borrowings	18,300	15,707
	171,981	573,254

Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:

	2010 HK$'000	2009 HK$'000 (restated)
Within one year	122,443	484,228
More than one year but not exceeding two years	20,708	13,822
More than two years but not exceeding five years	5,247	17,832
More than five years	23,583	57,372
	171,981	573,254
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	(31,238)	(26,254)
Less: Amount due within one year shown under current liabilities	(122,443)	(484,228)
Amount shown under non-current liabilities	18,300	62,772

As at 31 December 2010, bank borrowings of approximately HK$53,669,000 were secured by corporate guarantees from the Company and certain subsidiaries, personnel guarantee from Mr Kwan Pak Hoo Bankee, the substantial Shareholders of the Company, and investment properties of the Group with carrying amount of approximately HK$95,810,000.

At 31 December 2009, bank borrowings of approximately HK$457,536,000 were secured by:

(a) corporate guarantees from the Company, CFSG and certain subsidiaries;

(b) marketable securities of the Group's clients of carrying value of HK$314,843,000 (with client's consent);

(c) leasehold land and buildings as disclosed in note 17;

(d) investment properties of the Group in note 18, with carrying amount of approximately HK$163,712,000;

(e) pledged bank deposit as disclosed in note 29; and

(f) guarantees from the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme.

The other borrowings amounting to approximately HK$100,012,000 (2009: HK$100,011,000) as at 31 December 2010 were secured by the shares of CIGL, a wholly-owned subsidiary of the Company.

32. BORROWINGS (continued)

In addition, as at 31 December 2009, pursuant to a letter of undertaking given by the Group to a bank, the Group covenanted to maintain deposits of not less than HK$15,000,000 with a bank as a condition precedent to an overdraft facility granted by the bank (Note 29).

As at 31 December, 2010, bank loans amounting to approximately HK$53,669,000 (2009: HK$288,481,000) are variable-rate borrowings which carry interest at either HIBOR plus a spread or Hong Kong Prime Rate plus a spread. The unsecured other borrowings amounting to approximately HK$18,300,000 (2009: HK$15,707,000) carry interest at Hong Kong Prime Rate plus 3% per annum. Secured other borrowings of approximately HK$100,012,000 (2009: HK$100,011,000) carry interest rate at HIBOR plus 4% per annum.

As at 31 December 2009, bank overdrafts amounting to approximately HK$71,480,000 carried interest at either HIBOR plus a spread or Hong Kong Prime Rate plus a spread. Trust receipt loans amounting to approximately HK$97,575,000 carry interest at Hong Kong Prime Rate plus a spread as at 31 December 2009.

The effective interest rates on the Group's borrowings ranged from 4.5% to 8% (2009: 4.5% to 8%) per annum.

33. LOAN FROM A NON-CONTROLLING INTEREST

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

34. SHARE CAPITAL

	Notes	**Par value of each ordinary share** HK$	**Number of shares** '000	**Amount** HK$'000
Ordinary shares				
Authorised:				
At 1 January 2009 and 31 December 2009		0.1	3,000,000	300,000
Share subdivision	(a)		27,000,000	—
At 31 December 2010		0.01	30,000,000	300,000
Issued and fully paid:				
At 1 January 2009		0.1	180,505	18,051
Issue of subscription shares	(b)	0.1	25,000	2,500
At 31 December 2009		0.1	205,505	20,551
Shares issued upon conversion of convertible notes	(c)(i)	0.1	6,500	650
Exercise of share options	(d)	0.1	13,612	1,361
Issue of subscription shares	(e)	0.1	20,000	2,000
Issue of shares upon bonus issue	(f)	0.1	46,601	4,660
Share subdivision	(a)		2,629,964	—
Shares issued upon conversion of convertible notes	(c)(ii)	0.01	102,041	1,020
Exercise of share options	(d)	0.01	66,000	660
At 31 December 2010		0.01	3,090,223	30,902

34. SHARE CAPITAL (continued)

Notes:

(a) Pursuant to the ordinary resolution passed on 27 October 2010, each of the Company's issued and unissued shares of par value HK$0.1 each were subdivided into ten subdivided shares of par value of HK$0.01 each ("Share Subdivision"). Immediately upon the Share Subdivision becoming effective on 28 October 2010, the authorised share capital of the Company was divided into 30,000,000,000 shares of HK$0.01 each, of which 2,922,181,770 shares of HK$0.01 each were in issue and fully paid.

(b) On 5 August 2009, a total of 25,000,000 subscription shares of HK$0.10 each were issued at a subscription price of HK$2 each to an independent third party and a substantial shareholder of the Company, Cash Guardian. These shares rank pari passu in all respects with other shares in issue.

(c) (i) On 1 September 2010, 6,500,000 new ordinary shares of the Company of HK$0.10 each were issued upon the partial conversion of the convertible notes. Convertible notes with aggregated principal amount of HK$6,500,000 were converted into 6,500,000 ordinary shares of the Company at a conversion price of HK$1 each.

(ii) On 29 October 2010 and 30 November 2010, 84,033,613 and 18,007,202 new ordinary shares of the Company of HK$0.01 each were issued upon the partial conversion of the convertible notes. Convertible notes with aggregated principal amount of HK$7,000,000 and HK$1,500,000 were converted into 84,033,613 and 18,007,202 ordinary shares of the Company at a conversion price of HK$0.0833 (adjusted after Share Subdivision and bonus issue) each.

(d) The particulars of options exercised during the year ended 31 December 2010 are set out below:

Date of issue of shares	**Number of options exercised and resulting number of shares in issue**	**Exercise price per share**	**Total consideration (before expenses)**
	'000	HK$	HK$'000
Before Share Subdivision			
20.09.2010	1,000	1.1300	1,130
05.10.2010	7,680	0.9420	7,235
25.10.2010	2,466	1.3400	3,304
26.10.2010	2,466	1.3400	3,304
	13,612		14,973
After Share Subdivision			
15.11.2010	36,000	0.0942	3,391
29.11.2010	30,000	0.8100	24,300
	66,000		27,691
Total	79,612		42,664

(e) On 26 July 2010, a total of 20,000,000 subscription shares of HK$0.10 each were issued at a subscription price of HK$2.50 of HK$0.10 each to a substantial shareholder of the Company, Cash Guardian. The gross proceeds of HK$50,000,000 were raised to provide additional working capital for the Group.

(f) Pursuant to an ordinary resolution passed at a special general meeting held on 24 September 2010, a total of approximately 46,601,000 bonus shares of HK$0.10 each were issued on the basis of one bonus share for every five existing shares.

All the shares issued during the year ended 31 December 2010 and 2009 rank pari passu in all respects with the other shares in issue.

35. CONVERTIBLE NOTES

On 17 February 2009, the Company issued 2% per annum convertible notes with a principal amount of HK$43,243,000 which will mature on 31 December 2011 ("Convertible Notes") at 100% of principal amount to Cash Guardian ("Noteholder"), a company ultimately controlled by Mr Kwan Pak Hoo Bankee, executive director of the Company, in relation to the acquisition of subsidiaries as detailed in note 37. The Convertible Notes are denominated in HK$ and will be redeemed at 100% of the principal amount upon maturity. The Company has the right to request the Noteholder to convert, and the Noteholder has the right to convert, the whole or any part (in an amount or integral multiple of HK$1,000,000) of the outstanding principal amount of the Convertible Notes into the ordinary shares of the Company of HK$0.10 each (adjusted to HK$0.0833 each after Share Subdivision and bonus issue) for the period commencing on the expiry of 6 months from the date of issue and ending on the maturity date ("Conversion Period") at initial conversion price of HK$1 per share (adjusted to HK$0.0833 per share after Share Subdivision and bonus issue), subject to antidilutive adjustments.

At the discretion of the Company only, the Convertible Notes would be redeemed in whole or in part of integral multiple of HK$1,000,000 of outstanding principal amount at any time during the Conversion Period by giving the Noteholder redemption request not less than 3 business days' notice at the following redemption amount:

- if the redemption request is made within the period from the date of issue up to 31 December 2009, the Company may redeem the Convertible Notes at a redemption premium of 110% of the principal amount of the Convertible Notes outstanding less all the coupon interest paid to the Noteholder up to the date of redemption;

- if the redemption request is made within the period from 1 January 2010 up to 31 December 2010, the Company may redeem the Convertible Notes at a redemption premium of 121% of the principal amount of the Convertible Notes outstanding less all the coupon interest paid to the Noteholder up to the date of redemption; and

- if the redemption request is made within the period from 1 January 2011 to 31 December 2011, the Company may redeem the Convertible Notes at a redemption premium of 133% of the principal amount of the Convertible Notes outstanding less all the coupon interest paid to the Noteholder up to the date of redemption.

- The Noteholder has option to exercise the conversion option after receiving a redemption request notice from the Company.

The Convertible Notes contain three components, liability component, embedded early redemption option and equity element. The equity element representing the conversion option of Noteholder that converts Convertible Notes into equity is included in equity of the Company (Convertible notes equity reserve).

The management considers the fair value of the early redemption option is insignificant at the date of issuance of the Convertible Notes and periods subsequent to the initial recognition because the Noteholder has the priority to exercise the conversion option over the redemption right of the Convertible Notes by the Company.

The management considers the fair value of the right to request the Noteholder to convert the Convertible Notes is insignificant as the Company cannot request the Noteholder to convert the Convertible Notes into shares when the share price is lower than the exercise price.

The fair value of the Convertible Notes at the date of issuance is HK$33,929,000. The fair value of the liability component was calculated using effective interest method at 25.6% per annum.

The principal amount of the Convertible Notes outstanding as at 31 December 2010 is HK$28,243,000 (2009: HK$43,243,000).

35. CONVERTIBLE NOTES (continued)

The carrying values of the liability component of the Convertible Notes are as follow:

	HK$'000
Liability component on initial recognition	23,389
Interest expenses	5,537
Interest paid	(754)
As at 31 December 2009	28,172
Interest expenses	6,355
Interest paid	(794)
Conversion to ordinary shares	(15,000)
As at 31 December 2010	18,733

The fair value of the Convertible Notes is approximately HK$33,386,000 (2009: HK$47,567,000) as at 31 December 2010.

36. LOSING CONTROL OF SUBSIDIARIES

As referred to in note 14, on 11 October 2010, CFSG ceased as a subsidiary of the Group upon the Directors' Disposals. Immediately after the Directors' Disposals, the Group's remaining voting power on CFSG is 49.94%. As a result, the Group is no longer in a position to exercise control but significant influence over CFSG. The fair value of the Group's interest in CFSG of approximately HK$384,622,000 as at 11 October 2010, determined based on quoted market price of CFSG at the same date, has been regarded as cost of interest in associate from the date on which the Group ceased to have control, and incorporated in the consolidated financial statements using the equity method of accounting. The net assets of CFSG which control was lost at the date of losing control were as follows:

	11.10.2010 HK$'000
Analysis of assets and liabilities over which control was lost:	
Property and equipment	183,616
Investment properties	88,612
Goodwill	62,710
Interests in associates	120,518
Loan to an associate	10,296
Other deposits	29,318
Other assets	15,357
Intangible assets	48,052
Inventories	41,728
Accounts receivable	2,203,504
Loan receivables	36,798
Prepayments, deposits and other receivables	34,237
Tax recoverable	7,730
Held for trading investments	26,411
Bank deposits under conditions	84,058
Bank balances — trust and segregated accounts	727,642
Bank balances (general accounts) and cash	205,849
Accounts payable	(1,233,611)
Accrued liabilities and other payables	(78,917)
Taxation payable	(6,574)
Obligations under finance leases	(1,056)
Borrowings	(1,968,743)
Loan from a non-controlling interest	(27,437)
Deferred tax liabilities	(16,864)
Net assets disposed of	593,234

36. LOSING CONTROL OF SUBSIDIARIES (continued)

	11.10.2010
	HK$'000
Gain on losing control of subsidiaries:	
Net assets disposed of	(593,234)
Non-controlling interests	283,922
	(309,312)
Cumulative exchange differences in respect of the net assets of CFSG reclassified from equity to profit or loss	5,435
Reclassified as interests in associates at fair value	384,622
Gain on losing control of subsidiaries	80,745
Net cash outflow arising on losing control:	
Bank balances and cash disposed of	205,849

Of the gain of HK$80,745,000, HK$75,310,000 is attributable to recognising the residual interest in CFSG at fair value at the date control is lost, which is the difference between the fair value of residual interest in CFSG of HK$384,622,000 and the carrying amount of derecognised assets, liabilities and non-controlling interests of CFSG of HK$309,312,000.

The impact of losing control of CFSG on the Group's results and cash flows in the current and prior periods is disclosed in note 14.

37. ACQUISITION OF SUBSIDIARIES

On 11 November 2008, the Group entered into a sale and purchase agreement with Mr Kwan Pak Hoo Bankee, an executive Director of the Company and a controlling shareholder of the Company, in relation to the acquisition of the entire equity interest of Excelbright Enterprises Limited ("Excelbright") and its subsidiaries (collectively referred as the "Excelbright Group") and an interest-free shareholder's loan at a total consideration of fair value of HK$33,929,000 satisfied by way of issue of the Convertible Notes. The Excelbright Group is principally engaged in property investment and the transaction was completed on 17 February 2009 and considered as acquisition of assets.

The fair value of the identifiable assets and liabilities of the Excelbright Group at the date of acquisition are as follows:

	HK$'000
Investment properties	85,186
Payment for acquisition of a property under construction	13,800
Deposits and prepayments	39
Cash and cash equivalents	11
Payables and accruals	(581)
Bank borrowings	(64,498)
Taxation payables	(28)
Amount due to a shareholder	(33,929)
Net assets acquired	—
Net cash inflow arising on acquisition:	
Cash and cash equivalents in subsidiaries acquired	11

38. RESERVES

Translation reserve

	2010 HK$'000	2009 HK$'000
At 1 January	**4,571**	4,420
Exchange differences arising on translation to presentation currency	**95**	151
Reclassification adjustment upon losing control of CFSG	**(5,435)**	—
At 31 December	**(769)**	4,571

Properties revaluation reserve

	2010 HK$'000	2009 HK$'000 (restated)
At 1 January	**18,907**	12,399
(Loss) gain on revaluation of leasehold land and buildings	**(792)**	7,795
Deferred taxation arising on revaluation of leasehold land and buildings	**130**	(1,287)
Transfer upon losing control of CFSG	**(18,245)**	—
Share of properties revaluation surplus of an associate	**1,919**	—
At 31 December	**1,919**	18,907

39. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000	Share option reserve of subsidiaries HK$'000	Total HK$'000
At 1 January 2009	370,324	—	370,324
Share of loss for the year	(16,750)	—	(16,750)
Gain on revaluation of leasehold land and buildings	2,020	—	2,020
Deferred taxation arising on revaluation of leasehold land and buildings	(333)	—	(333)
Share-based payments of CFSG	—	7,566	7,566
Amount transferred to accumulated losses as a result of expiration of CFSG's share options	—	(494)	(494)
Capital contribution from non-controlling interests	500	—	500
Acquisition of non-controlling interests	(953)	—	(953)
Amount arising from dilution of shareholding in subsidiaries	(114,598)	—	(114,598)
Issue of new shares by CFSG	47,040	—	47,040
At 31 December 2009	287,250	7,072	294,322
Share of loss for the year	(7,555)	—	(7,555)
Loss on revaluation of leasehold land and buildings	(847)	—	(847)
Deferred taxation arising on revaluation of leasehold land and buildings	140	—	140
Share-based payments of CFSG	—	4,240	4,240
Dividend paid by CFSG	(6,378)	—	(6,378)
Transfer upon losing control of CFSG	(272,610)	(11,312)	(283,922)
At 31 December 2010	—	—	—

40. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2010, 46,601,000 bonus shares were issued by the capitalisation of approximately HK$4,660,000 of the share premium account. Also, the purchase consideration of motor vehicles amounting to HK$980,000 was satisfied by obligation under finance leases.

During the year ended 31 December 2009, the purchase consideration of the entire equity interest in Excelbright was satisfied by the issue of convertible notes with a fair value of HK$33,929,000. Also, the purchase consideration of investment properties was settled by the deposits of HK$77,071,000 paid to the residential property developers.

41. CONTINGENT LIABILITIES

On 11 May 2006, Hallmark Cards, Incorporated ("Petitioner") filed a petition for a winding-up order against Cosmos Global Limited ("Cosmos"), a subsidiary of the Company, under which the Petitioner claimed that Cosmos was indebted to the Petitioner for a sum of US$41,591.23 (equivalent to approximately HK$324,000) and interest accrued thereon. A winding up order was made by a master of the High Court on 2 August 2006. Provisional liquidator has been appointed by the court to manage the affairs of Cosmos on the same date and Cosmos is now in the process of liquidation. Cosmos is a dormant company and the winding up of Cosmos will not have any material impact to the operation of the Group.

On 16 March 2010, ESTsoft Corporation ("ESTsoft") filed a civil action against 上海摩力游數字娛樂有限公司 (translated as Shanghai Moliyo Digital Entertainment Limited) ("Shanghai Moliyo"), a wholly-owned subsidiary of the Company, under which ESTsoft claimed that Shanghai Moliyo was infringement act against the online game licenses granted and claimed for the loss of approximately RMB8,227,000. Court procedures are still in progress. No provision has been made in the consolidated financial statements as in the opinion of the Directors of the Company, the potential liability arisen from the case is not probable.

42. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	10,014	124,352
In the second to fifth year inclusive	14,900	89,144
	24,914	213,496

Operating lease payments represent rental payable by the Group for office premises for both years ended and retail shops for the year ended 31 December 2009. Leases are mainly negotiated for lease term of two to five years and rentals are fixed for an average of three years. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group has to pay a rental based on certain percent of the gross sales of the relevant shop when the sales meets certain specified level for the year ended 31 December 2009.

43. SHARE OPTION SCHEMES

(A) Share option scheme of the Company

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

(i) The purpose was to provide incentives to:

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

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

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

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by Shareholders in general meeting. The maximum number of shares was 279,606,170 shares, representing 10% of the issued share capital of the Company as at the date these consolidated financial statements were authorised for issue. However, the total maximum number of Shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme must not exceed 30% of the Shares in issue from time to time.

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

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

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

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

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

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

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

- the nominal value of the Company's share.

(ix) The life of the Share Option Scheme is effective for 10 years from the date of adoption.

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

43. SHARE OPTION SCHEMES (continued)

(A) Share option scheme of the Company (continued)

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

Name of scheme	Date of grant	Exercise price per share HK$	Option period	Number of share options: outstanding as at 1.1.2009	granted in 2009	lapsed in 2009	reallocated upon change of directorate	outstanding as at 31.12.2009 and 1.1.2010	granted in 2010 (Note (1))	adjusted in 2010 (Note (3))	exercised in 2010 (Note (2))	outstanding as at 31.12.2010
Directors												
Share Option Scheme	6.6.2007	2.4500	6.6.2007–31.5.2009	1,500,000	—	(1,500,000)	—	—	—	—	—	—
	13.3.2009	0.0942	13.3.2009–31.3.2011	—	5,400,000	(1,800,000)	1,000,000	4,600,000	—	39,600,000	(37,200,000)	7,000,000
	3.6.2010 (Notes (1) & (4))	0.1667	3.6.2010–31.5.2012	—	—	—	—	—	5,000,000	55,000,000	—	60,000,000
				1,500,000	5,400,000	(3,300,000)	1,000,000	4,600,000	5,000,000	94,600,000	(37,200,000)	67,000,000
Employees												
Share Option Scheme	30.5.2007	2.4000	30.5.2007–31.5.2009	1,540,000	—	(1,540,000)	—	—	—	—	—	—
	6.6.2007	2.4500	6.6.2007–31.5.2009	6,960,000	—	(6,960,000)	—	—	—	—	—	—
	13.3.2009	0.0942	13.3.2009–31.3.2011	—	11,900,000	—	(1,000,000)	10,900,000	—	50,780,000	(7,480,000)	54,200,000
	3.6.2010 (Notes (1) & (4))	0.1667	3.6.2010–31.5.2012	—	—	—	—	—	8,000,000	88,000,000	—	96,000,000
				8,500,000	11,900,000	(8,500,000)	(1,000,000)	10,900,000	8,000,000	138,780,000	(7,480,000)	150,200,000
Consultants												
Share Option Scheme	1.6.2010 (Notes (1) & (4))	1.3400	1.6.2010–31.5.2012	—	—	—	—	—	4,110,000	822,000	(4,932,000)	—
	26.11.2010 (Notes (1) & (4))	0.8100	26.11.2010–30.11.2013	—	—	—	—	—	30,000,000	—	(30,000,000)	—
	29.11.2010 (Notes (1), (4) & (5))	0.8600	29.11.2010–30.11.2013	—	—	—	—	—	30,000,000	—	—	30,000,000
				—	—	—	—	—	64,110,000	822,000	(34,932,000)	30,000,000
				10,000,000	17,300,000	(11,800,000)	—	15,500,000	77,110,000	234,202,000	(79,612,000)	247,200,000

Notes:

(1) During the year ended 31 December 2010, for options granted on 1 June 2010, 3 June 2010 and 26 November 2010, the estimated fair values of the options are HK$166,000, HK$10,470,000 and HK$765,000 respectively. During the year ended 31 December 2009, options were granted on 13 March 2009. The estimated fair values of the options granted on that date was HK$565,000.

(2) In respective of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.769 (adjusted after Share Subdivision and bonus issue).

43. SHARE OPTION SCHEMES (continued)

(A) Share option scheme of the Company (continued)

Notes: (continued)

(3) The number and the exercise price of options which remained outstanding have been adjusted due to bonus issue and Share Subdivision of the Company with effect from 27 September 2010 and 27 October 2010 respectively.

The exercise prices of share options were adjusted as follows:

	Exercise price per share		
Date of grant	**before 26/9/2010**	**from 27/9/2010 to 26/10/2010**	**after 27/10/2010**
	HK$	HK$	HK$
13/3/2009	1.1300	0.9420	0.0942
1/6/2010	1.6080	1.3400	N/A
3/6/2010	2.0000	1.6670	0.1667

(4) In relation to each grantee of the options granted on 3 June 2010, the options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 May 2012; and (ii) 50% exercisable from 1 January 2012 up to 31 May 2012. All options will vest until the grantee having been the members of the Group for 18 months from the date of grant.

For the options granted on 1 June 2010, 26 November 2010 and 29 November 2010, theses options were granted to consultants of the Group for the services to be provided to the Group. The options will be exercisable within 7 days from the date of completion of the services determined at the sole discretion of the Board of Directors.

(5) For the option granted to a consultant of the Group on 29 November 2010, it will be vested within 7 days upon completion of services determined at the sole discretion of Board of Directors. As services have not yet been performed by the consultant, no share-based payments expenses is recognised to profit or loss in year 2010.

43. SHARE OPTION SCHEMES (continued)

(A) Share option scheme of the Company (continued)

These fair values are calculated using the Black-Scholes pricing model. The variables and assumptions used in computing the fair value of the share options are based on the best estimation of the Directors of the Company. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	Share options grant date			
	26 November 2010	**3 June 2010**	**1 June 2010**	**13 March 2009**
Weighted average share price (Note (1))	HK$0.81	HK$0.167	HK$0.131	HK$0.137
Exercise price	HK$0.81	HK$0.167	HK$0.134	HK$0.094
Expected volatility	61.4%	73.96%	71.53%	57.96%
Expected life (Note (2))	1 month	2 years	4 months	2 years
Risk-free rate	0.7%	0.7%	0.7%	1.43%
Expected dividend yield	Nil	Nil	Nil	Nil

Notes:

(1) The weighted average share price and exercise price is the price adjusted for Share Subdivision and bonus issue.

(2) The expected life of the share options granted on 1 June 2010 and 26 November 2010 is based on the estimated time the consultant will take to complete their services to the Group.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 256 trading days.

The Group recognised the total expenses of approximately HK$4,422,000 (2009: HK$565,000) for the year ended 31 December 2010 in relation to share options granted by the Company.

(B) Share option scheme of Netfield Technology Limited ("Netfield"), the wholly-owned subsidiary of the Group

The Netfield share option scheme ("Netfield Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 June 2008. During the years ended 31 December 2009 and 2010, no option has been granted under the Netfield Share Option Scheme. The major terms of the Netfield Share Option Scheme are summarised as follows:

(i) The purpose was to provide incentives to:

- award and retain the participants who have made contributions to Netfield and its subsidiaries ("Netfield Group"); or
- attract potential candidates to serve the Netfield Group for the benefit of the development of the Netfield Group.

(ii) The participants included any employee, executive, officer, consultant, adviser or agent of any member of the Netfield Group.

43. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of Netfield Technology Limited ("Netfield"), the wholly-owned subsidiary of the Group (continued)

(iii) The maximum number of shares in respect of which options might be granted under the Netfield Share Option Scheme must not exceed 10% of the issued share capital of Netfield as at the date of approval of the Netfield Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 78,000 shares, representing 10% of the issued share capital of Netfield as at the date these consolidated financial statements were authorised for issue. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Netfield Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

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

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

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

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

(viii) The exercise price of a share option shall be such price as the board of directors of Netfield at its absolute discretion shall determine, save that such price must not always be less than the nominal value of Netfield's share, which is currently of HK$0.10 each.

(ix) The exercise price of a share option granted at any time after Netfield has resolved to seek a separate listing of Netfield and up to the listing date or during the period commencing 6 months before the lodgement of listing application and up to the listing date, shall not be less than the new issue price at listing.

(x) After the Netfield's share have been listed, the exercise price of a share option must be the highest of:

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

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

- the nominal value of the Netfield's share.

(xi) The life of the Netfield Share Option Scheme is effective for 10 years from the date of adoption until 5 June 2018.

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals)

(a) *CFSG New Option Scheme*

CFSG's share option scheme ("CFSG New Option Scheme") was adopted pursuant to an ordinary resolution passed at the special general meeting of CFSG held on 22 February 2008, which took effect on 3 March 2008. The CFSG New Option Scheme replaces the CFSG Option Scheme (to be defined in note 41(C)(b) below) with effect from 3 March 2008.

The major terms of the CFSG New Option Scheme are summarised as follows:

(i) The purpose was to provide incentives to:

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

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

(iii) The maximum number of shares in respect of which options might be granted under the CFSG New Option Scheme must not exceed 10% of the issued share capital of CFSG as at the date of approval of the CFSG New Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 353,825,053 shares, representing 10% of the issued share capital of CFSG as at the date these consolidated financial statements were authorised for issue. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the CFSG New Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

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

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

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

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

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals) (continued)

(a) CFSG New Option Scheme (continued)

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

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

(ix) The life of the CFSG New Option Scheme is effective for 10 years from the date of adoption until 21 February 2018.

(b) CFSG Option Scheme

Prior to 3 March 2008, the CFSG's share option scheme ("CFSG Option Scheme") was adopted pursuant to an ordinary resolution passed at the special general meeting of CFSG held on 19 February 2002. The Option Scheme was replaced by the New Option Scheme with effect from 3 March 2008. The major terms of the Option Scheme are summarised as follows:

(i) The purpose was to provide incentives to:

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

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

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

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

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

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals) (continued)

(b) CFSG Option Scheme (continued)

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

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

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

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

(ix) The life of the CFSG Option Scheme is effective for 10 years from the date of adoption until 3 March 2008, as the CFSG Option Scheme was replaced by the CFSG New Option Scheme.

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

(c) CFSG New Option Scheme and CFSG Option Scheme

					Number of CFSG's options										
Name of scheme	**Date of grant**	**Exercise price per CFSG's share** (Note (14)) HK$	**Option period**	**Notes**	**outstanding as at 1/1/2009**	**adjusted on 19/3/2009** (Note (7))	**granted in 2009** (Note (8))	**lapsed in 2009** (Note (9))	**cancelled in 2009** (Note (10))	**outstanding as at 31/12/2009 and 1/1/2010**	**granted in 2010** (Note (11))	**exercised in 2010** (Note (12))	**lapsed in 2010** (Note (13))	**adjusted on 23/12/2010** (Note (14))	**outstanding as at 31/12/2010**
Directors															
CFSG New Option Scheme	15.6.2009	0.1468	15.6.2009—30.6.2013	(2)(i)	—	—	10,000,000	—	—	10,000,000	—	—	—	40,000,000	50,000,000
	15.10.2010	0.3040	15.10.2010—31.10.2012	(5)(i)	—	—	—	—	—	—	11,000,000	—	—	44,000,000	55,000,000
					—	—	10,000,000	—	—	10,000,000	11,000,000	—	—	84,000,000	105,000,000
Employees and consultants															
CFSG Option Scheme	7.7.2006	1.1800	7.7.2006—31.7.2010	(1)	113,000	11,000	—	—	—	124,000	—	—	(124,000)	—	—
CFSG New Option Scheme	15.6.2009	0.1468	15.6.2009—30.6.2013	(2)(ii)	—	—	29,000,000	(5,000,000)	—	24,000,000	—	(7,200,000)	—	67,200,000	84,000,000
	22.6.2009	0.1440	22.6.2009—30.6.2013	(3)	—	—	20,000,000	—	(5,000,000)	15,000,000	—	—	—	60,000,000	75,000,000
	1.6.2010	0.6100	1.6.2010—31.5.2012	(3)	—	—	—	—	—	—	12,342,000	(12,342,000)	—	—	—
	3.6.2010	0.1260	3.6.2010—31.5.2012	(4)	—	—	—	—	—	—	12,500,000	—	—	50,000,000	62,500,000
	15.10.2010	0.3040	15.10.2010—31.10.2012	(3)& (5)(ii)	—	—	—	—	—	—	35,000,000	(1,000,000)	—	136,000,000	170,000,000
	15.10.2010	0.3040	15.10.2010—31.10.2013	(6)	—	—	—	—	—	—	3,500,000	—	—	14,000,000	17,500,000
	22.11.2010	0.5100	22.11.2010—31.11.2012	(3)	—	—	—	—	—	—	12,000,000	—	—	48,000,000	60,000,000
					113,000	11,000	49,000,000	(5,000,000)	(5,000,000)	39,124,000	75,342,000	(20,542,000)	(124,000)	375,200,000	469,000,000
					113,000	11,000	59,000,000	(5,000,000)	(5,000,000)	49,124,000	86,342,000	(20,542,000)	(124,000)	459,200,000	574,000,000

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals) (continued)

(c) CFSG New Option Scheme and CFSG Option Scheme (continued)

Notes:

(1) The options were vested in 4 tranches as to (i) 25% exercisable from the commencement of the option period; (ii) 25% exercisable from the expiry of 1 year from the commencement of the option period; (iii) 25% exercisable from the expiry of 2 years from the commencement of the option period; and (iv) 25% exercisable from the expiry of 3 years from the commencement of the option period.

(2) (i) The options are vested in 2 tranches as to (i) 50% exercisable from 15 December 2009 up to 30 June 2013; and (ii) 50% exercisable from 15 June 2010 up to 30 June 2013; and

(ii) Out of the 29,000,000 options granted, a total of 20,000,000 options are vested in 2 tranches as to (i) 50% exercisable from 15 December 2009 up to 30 June 2013; and (ii) 50% exercisable from 15 June 2010 up to 30 June 2013; and a total of 9,000,000 options are vested in 3 tranches as to (i) 30% exercisable from 15 June 2010 up to 30 June 2013; (ii) 30% exercisable from 15 June 2011 up to 30 June 2013; and (iii) 40% exercisable from 15 June 2012 up to 30 June 2013.

(3) The share options will be vested upon the provision of satisfactory services determined at the sole discretion of the board of directors of CFSG.

(4) The options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 May 2012; and (ii) 50% exercisable from 1 January 2012 up to 31 May 2012.

(5) (i) The 11,000,000 options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 October 2012; and (ii) 50% exercisable from 1 January 2012 up to 31 October 2012; and

(ii) Out of the 35,000,000 options granted, a total of 14,000,000 options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 October 2012; and (ii) 50% exercisable from 1 January 2012 up to 31 October 2012; a total of 3,000,000 options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2010 up to 31 October 2012; and (ii) 50% exercisable from 1 January 2011 up to 31 October 2012; and a total of 18,000,000 options are exercisable from 15 October 2010 up to 31 October 2012, and the share options will be vested upon the provision of satisfactory services determined at the sole discretion of the board of directors of CFSG.

(6) Out of the 3,500,000 options granted, a total of 2,500,000 options are vested in 3 tranches as to (i) 20% exercisable from 15 October 2010 up to 31 October 2013; (ii) 30% exercisable from 15 October 2011 up to 31 October 2013; and (iii) 50% exercisable from 15 October 2012 up to 31 October 2013; and a total of 1,000,000 options are vested in 2 tranches as to (i) 50% exercisable from 1 January 2011 up to 31 October 2012; and (ii) 50% exercisable from 1 January 2012 up to 31 October 2013.

(7) The number of share options which remained outstanding have been adjusted due to the rights issue of CFSG with effect from 19 March 2009.

(8) The closing price of the CFSG's share immediately before the date of grant of options on 15 June 2009 and 22 June 2009 was HK$0.7000 and HK$0.6900 respectively.

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

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

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals) (continued)

(c) CFSG New Option Scheme and CFSG Option Scheme (continued)

Notes: (continued)

(11) The closing price of the CFSG's share immediately before the date of grant of options are:-

Date of grant	Closing price of CFSG's shares immediately preceding the date of grant HK$
1/6/2010	0.6200
3/6/2010	0.6000
15/10/2010	1.1800
22/11/2010	2.3300

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

Date of exercise	Number of options exercised	Exercise price per CFSG's share HK$	Weighted average preceding closing price HK$ (Note)
25 October 2010	4,200,000	0.7340	1.8600
26 October 2010	3,000,000	0.7340	1.8000
26 October 2010	12,342,000	0.6100	1.8000
5 November 2010	1,000,000	1.5200	2.3700
	20,542,000		

Note: This represents the weighted average closing price of CFSG's share immediately before the date of exercise.

(13) The lapsed options were due to expiry of the options.

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals) (continued)

(c) CFSG New Option Scheme and CFSG Option Scheme (continued)

Notes: (continued)

(14) (i) The number and the exercise price of share options granted on 7 July 2006 which remained outstanding have been adjusted from 113,000 shares and HK$1.310 per share to 124,000 shares and HK$1.180 per share respectively with effect from 19 March 2009 due to the rights issue of CFSG.

(ii) The number and the exercise price of share options which remained outstanding have been adjusted due to 1 to 5 share subdivision of CFSG with effect from 9:30 am on 23 December 2010. The exercise prices of share options were adjusted as follows:

Date of grant	Exercise price (before adjustment) HK$	Exercise price (after adjustment) HK$
15/6/2009	0.7340	0.1468
22/6/2009	0.7200	0.1440
3/6/2010	0.6300	0.1260
15/10/2010	1.5200	0.3040
22/11/2010	2.5500	0.5100

The Group recognised the total expenses of approximately HK$4,240,000 (2009: HK$7,566,000) for the year ended 31 December 2010 in relation to share options granted by CFSG prior to losing control on it .

The fair values of CFSG's share options granted during the years ended 31 December 2010 and 2009 were determined using the Black-Scholes pricing model ("B-Model").

The following table lists the inputs to the B-Model used for calculating the fair value of CSFG's share options granted during the years ended 31 December 2010 and 2009:

Date of grant	15 October 2010	3 June 2010	1 June 2010	15 June 2009
Share price on date of grant	HK$1.52	HK$0.63	HK$0.61	HK$0.700
Exercise price	HK$1.52	HK$0.63	HK$0.61	HK$0.734
Expected volatility (Note (a))	79.35%	53.60%	53.75%	59.30%
Expected life of option (Note (b))	2–3 years	2 years	2 years	3 years
Risk-free rate (Note (c))	0.51%	0.70%	0.69%	1.43%
Expected dividend yield	Nil	Nil	Nil	Nil

Notes:

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

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

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

43. SHARE OPTION SCHEMES (continued)

(C) Share option scheme of CFSG (former subsidiary of the Group, and became the Group's associate upon Directors' Disposals) (continued)

(c) CFSG New Option Scheme and CFSG Option Scheme (continued)

During the year ended 31 December 2010, the estimated fair values of CFSG's share options granted on 1 June 2010, 3 June 2010, and 15 October 2010 dates are approximately HK$2,266,000, HK$2,361,000 and HK$21,045,000 respectively. During the year ended 31 December 2009, the estimated fair value of CFSG's share options granted on 15 June 2009 is HK$12,375,000.

In total, HK$6,634,000 (2009: HK$7,566,000) of share-based compensation expenses has been recognised in profit or loss for 2010. The corresponding amount of HK$6,634,000 (2009: HK$7,566,000) has been credited to share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

The B-Model has been used to estimate the fair value of CFSG's share options. The variables and assumptions used in computing the fair value of CFSG's share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

44. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

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

The employer's contribution to the MPF Schemes and various benefits schemes in the PRC is disclosed in note 8 for continuing operations and note 14 for discontinued operations.

45. RELATED PARTY TRANSACTIONS

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

	Notes	**2010 HK$'000**	2009 HK$'000
Commission and interest income received from the following			
substantial shareholders of the Company	(a)		
Cash Guardian		**160**	125
Mr Kwan Pak Hoo Bankee and associates		**48**	53
		208	178
Commission and interest income received from a substantial shareholder	(b)	**77**	13
Commission and interest income received from the following			
Directors of the Company	(c)		
Mr Lin Che Chu George and associates	(d)	**N/A**	9
Mr Law Ping Wah Bernard and associates		**130**	105
		130	114
Commission and interest income received from the following			
directors of CFSG	(e)		
Mr Cheng Man Pan Ben and associates		**28**	63
Mr Yuen Pak Lau Raymond and associates		**14**	18
		42	81
Interest expenses paid to Cash Guardian	(f)	**794**	754
Rental expenses paid to an associate of the Group	(g)	**12,343**	11,266
Loan interest income received from Directors of the Company	(h)		
Mr Lin Che Chu George	(d)	**N/A**	45
Mr Ng Kung Chit Raymond		**25**	39
		25	84
Loan interest income received from directors of CFSG	(i)		
Mr Law Ping Wah Bernard		**55**	56
Mr Cheng Man Pan Ben		**34**	56
Mr Yuen Pak Lau Raymond		**55**	56
Mr Chan Chi Ming Benson		**55**	56
		199	224

45. RELATED PARTY TRANSACTIONS (continued)

Notes:

(a) During the year ended 31 December 2010, the Group received commission and interest income from margin financing of approximately HK$208,000 (2009: HK$178,000) from substantial shareholders of the Company.

(b) During the year ended 31 December 2010, the Group received commission and interest from margin financing of approximately HK$77,000 (2009: HK$13,000) from a substantial shareholder of the Company.

(c) During the year ended 31 December 2010, the Group received commission and interest from margin financing of approximately HK$130,000 (2009: HK$114,000) from certain Directors of the Company.

(d) During the year ended 31 December 2009, Mr Lin Che Chu George resigned as executive Director of the Company.

(e) During the year ended 31 December 2010, the Group received commission and interest from margin financing of approximately HK$42,000 (2009: HK$81,000) from certain directors of CFSG.

(f) During the year ended 31 December 2010, the Group paid interest expense of approximately HK$794,000 (2009: HK$754,000) to Cash Guardian in relation to the issue of Convertible Notes.

(g) During the year ended 31 December 2010, the Group paid rental expenses of approximately HK$12,343,000 (2009: HK$11,266,000) to an associate of the Group.

(h) During the year ended 31 December 2010, the Group derived interest income from loan to certain Directors of the Company of approximately HK$25,000 (2009: HK$84,000).

(i) During the year ended 31 December 2010, the Group derived interest income from loans to certain directors of CFSG of approximately HK$199,000 (2009: HK$224,000).

(j) Other than (f) above, the other related party transactions have ceased upon Directors' Disposals.

Compensation of key management personnel

The remuneration of Directors and key executives which is disclosed in note 11 is determined by the remuneration committee having regard to the performance of individuals and market trends.

46. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2010, the Group entered the following subsequent events:

(a) In January 2011, the Group, as the purchaser, has entered into the formal agreement, subject to certain conditions precedent, with an independent third party, Injoy Information Technology Co., Limited, for the acquisition of 51% equity interest in Yole Wireless Technology (Hongkong) Co., Limited which is engaged in mobile digital entertainment business in the PRC at a consideration of RMB81,600,000 (equivalent to approximately HK$95,602,560). The consideration will be settled as to 50% in cash and as to 50% by the issue of the shares of the Company. The acquisition has not been completed up to the date these consolidated financial statements were authorised for issue.

(b) In February 2011, the Group has agreed to purchase 100% equity interest in Oberon Information Technology (Suzhou) Co. Ltd., ("Oberon Information"), which is principally engaged in development, distribution and marketing of online mobile games in China as a licensed distributor, from an independent third party, Oberon Media Asia Pacific Pte. Ltd. ("Oberon Media") at a consideration of US$10,000,000 (equivalent to HK$77,800,000). The consideration will be settled as to (a) US$7,000,000 (equivalent to HK$54,460,000) by the issue of the shares of Moli Mobile Digital Entertainment Holdings Limited ("Moli Mobile Digital"), currently a wholly-owned subsidiary of the Group, at the issue price of US$6,796 (equivalent to HK$52,872) per share and (b) US$3,000,000 (equivalent to HK$23,340,000) by the issue of the Company's shares at issue price of HK$0.724 per share.

    Following the completion, Oberon Information and Moli Mobile Digital will be owned as to 89.7% by the Group and as to 10.3% by Oberon Media. Pursuant to the signed agreement, the acquisition shall take place on or before 31 March 2011 or any other date as agreed by the parties to the agreement. The acquisition has not been completed up to the date these consolidated financial statements were authorised for issue.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Year 2009

Name	Place of incorporation	Nominal value of issued and fully paid ordinary share capital/ paid up capital	Voting power held by the Company 2009 %	Proportion of nominal value of issued share capital held by the Company 2009 %	Principal activities
CFSG	Bermuda	HK$61,710,811	55.11	48.32	Investment holding
CASH Asset Management Limited	Hong Kong	HK$10,000,000	55.11	48.32	Provision of asset management services
CASH E-Trade Limited	Hong Kong	HK$4,000,000	55.11	48.32	Provision of management services for group companies
CASH Retail Management (HK) Limited	BVI	US$100	55.11	48.32	Investment holding
CASH Payment Services Limited	Hong Kong	HK$2	55.11	48.32	Provision of payment gateway services for group companies
CASH Wealth Management Limited	Hong Kong	HK$10,000,000	55.11	48.32	Financial advisory consultancy
Celestial Capital Limited	Hong Kong	HK$30,000,000	55.11	48.32	Provision of corporate finance services, investment and financial advisory services
Celestial Commodities Limited	Hong Kong	HK$10,000,000	55.11	48.32	Futures and options broking and trading
Celestial Investments (HK) Limited	Hong Kong	HK$10,000,000	55.11	48.32	Money lending
Celestial Securities Limited	Hong Kong	HK$140,000,000	55.11	48.32	Securities, equity options broking and trading, leveraged foreign exchange contracts
icoupon Limited	BVI	US$1	55.11	48.32	Investment holding and trading
Linkup Assets Management Limited	BVI	US$1	55.11	48.32	Investment holding and trading
Pricerite.com.hk Limited	Hong Kong	HK$2	55.11	48.32	Retailing of furniture and household goods through corporate sales
Pricerite Electrical Appliances Limited	Hong Kong	HK$1	55.11	48.32	Retailing of electrical appliances
Pricerite Stores Limited	Hong Kong	HK$200,000,000	55.11	48.32	Retailing of furniture and household goods
Think Right Investments Limited	BVI	US$1	55.11	48.32	Properties holding

Note: The Group held a 48.32% equity interest in CFSG and its subsidiaries through CIGL as at 31 December 2009. The Company was able to control the voting power at all general meetings of CFSG. Details are set out in note 14. The above entities, representing CFSG and its principal subsidiaries, ceased to be subsidiaries of the Group upon Directors' Disposals.

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

Year 2010 and 2009

Name	Place of incorporation	Nominal value of issued and fully paid ordinary share capital/ paid up capital	Voting power held by the Company 2010 %	2009 %	Proportion of nominal value of issued share capital held by the Company 2010 %	2009 %	Principal activities
CASH Group Limited	BVI	US$1	**100**	100	**100**	100	Investment holding
Celestial Investment Group Limited	BVI	US$10,000	**100**	100	**100**	100	Investment holding
摩力游(上海)信息科技有限公司# (translated as MOLI China Information Technology Limited)	PRC	US$9,170,000	**100**	100	**100**	100	Online game developer
上海摩力游數字娛樂有限公司## (translated as Shanghai Moliyo Digital Entertainment Limited)	PRC	RMB2,800,000	**100**	100	**100**	100	Online game operator
Libra Capital Management (HK) Limited	BVI	US$1	**100**	100	**100**	100	Trading of securities
Praise Joy Limited	BVI	US$1	**100**	100	**100**	100	Investment holding
Wealthy View Investment Limited	BVI	US$10	**100**	100	**100**	100	Investment holding

Wholly-owned foreign enterprise established in the PRC.

Domestic enterprise with limited liabilities established in the PRC. 上海摩力游數字娛樂有限公司 (Shanghai Moliyo Digital Entertainment Limited) is indirectly held by the Company through the declarations of trust executed by 魏麗 (Wei Li) and 譚靜琳 (Tan Jing Lin) who hold the interest in 上海摩力游數字娛樂有限公司 (Shanghai Moliyo Digital Entertainment Limited) of 80% and 20% respectively.

All the subsidiaries shown above are indirectly held by the Company. In the opinion of the Directors of the Company, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

Appendix I — Investment Properties

Held as at 31 December 2010

Location	Approximate gross floor area*/ saleable area** (sq. ft.)	Land use
Room 1606 (also known as 19G), Li Jing Yuan, Residence 8, No.8 Jinan Road, Luwan District, Shanghai, the PRC	891*	The property is vacant
Room 1607 (also known as 19A), Li Jing Yuan, Residence 8, No.8 Jinan Road, Luwan District, Shanghai, the PRC	1,593*	The property is vacant
Room 1806 (also known as 21G), Li Jing Yuan, Residence 8, No.8 Jinan Road, Luwan District, Shanghai, the PRC	891*	The property is vacant
Room 602 on Level 5, Maison des artiste, No.16 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	1,160*	The property is vacant
Room 802 on Level 7, Maison des artiste, No.16 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	1,160*	The property is vacant
Room 902 on Level 8, Maison des artiste, No.17 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	1,160*	The property is vacant
Room 2002 on Level 17, Maison des artiste, No.17 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	2,469*	The property is vacant
Room 2102 on Level 18, Maison des artiste, No.18 Lane 688, Huang Jin Cheng Road, Changning District, Shanghai, the PRC	2,469*	The property has been rented out
Flat B on 3rd Floor and Car Parking Space No. 25 on Ground Floor, Rose Gardens, No. 9 Magazine Gap Road, The Peak, Hong Kong	2,235**	The property is vacant

Appendix II — Five-Year Financial Summary

For the year ended 31 December 2010

The summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out below:

	Year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)	(restated)	(restated)
Results					
Revenue					
Continuing operations	**13,823**	31,938	116,637	169,661	37,251
Discontinued operations	**940,556**	1,097,204	1,196,109	1,495,791	779,371
	954,379	1,129,142	1,312,746	1,665,452	816,622
(Loss) profit before taxation					
Continuing operations	**(18,564)**	(38,389)	(297,397)	1,275	(67,611)
Discontinued operations	**71,953**	61,636	(88,296)	168,448	126,911
	53,389	23,247	(385,693)	169,723	59,300
Taxation charge	**(10,152)**	(19,174)	(9,425)	(30,079)	(5,939)
Profit (loss) for the year	**43,237**	4,073	(395,118)	139,644	53,361
Attributable to:					
Owners of the Company	**50,792**	20,823	(356,725)	51,902	32,057
Non-controlling interests	**(7,555)**	(16,750)	(38,393)	87,742	21,304
	43,237	4,073	(395,118)	139,644	53,361

	As at 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)	(restated)	(restated)
Assets and liabilities					
Property and equipment	**19,986**	221,818	204,219	137,430	117,843
Investment property	**95,810**	163,712	—	5,000	5,000
Goodwill	**83,361**	146,071	192,547	233,115	212,027
Interest in associates	**410,922**	116,931	111,684	65,778	—
Intangible assets	**25,460**	50,790	55,929	68,255	68,712
Other non-current assets	**—**	48,283	83,685	36,260	51,864
Current assets	**95,036**	1,798,084	1,486,146	2,641,128	1,856,225
Total assets	**730,575**	2,545,689	2,134,210	3,186,966	2,311,671
Current liabilities	**192,881**	1,778,450	1,353,062	2,025,791	1,700,728
Long term borrowings	**18,300**	62,772	128,271	1,249	32,277
Other non-current liabilities	**7,222**	49,556	10,371	9,866	9,415
Total liabilities	**218,403**	1,890,778	1,491,704	2,036,906	1,742,420
Net assets	**512,172**	654,911	642,506	1,150,060	569,251
Equity attributable to owners of the Company	**512,172**	360,589	272,182	657,854	306,875
Non-controlling interests	**—**	294,322	370,324	492,206	262,376
	512,172	654,911	642,506	1,150,060	569,251

Definitions

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

"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands; a substantial Shareholder of the Company and an associate of Mr Kwan Pak Hoo Bankee
"Celestial Capital"	Celestial Capital Limited, a company incorporated with limited liability in Hong Kong, is a wholly-owned subsidiary of CFSG, and currently an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities
"Celestial Commodities"	Celestial Commodities Limited, a company incorporated with limited liability in Hong Kong, is a wholly-owned subsidiary of CFSG, and currently an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 2 (dealing in futures contracts) regulated activity
"Celestial Securities"	Celestial Securities Limited, a company incorporated with limited liability in Hong Kong, is a wholly-owned subsidiary of CFSG, and currently an associate of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) regulated activity and 3 (leveraged foreign exchange trading)
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CFSG"	CASH Financial Services Group Limited (stock code on Main Board: 510), a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board. CFSG is currently an associate of the Company
"CFSG Group"	CFSG and its subsidiaries
"CFSG New Option Scheme"	a new share option scheme adopted by CFSG to replace the CFSG Option Scheme pursuant to an ordinary resolution passed at the special general meeting of CFSG held on 22 February 2008, which took effect on 3 March 2008
"CFSG Option Scheme"	the share option scheme adopted by CFSG pursuant to an ordinary resolution passed by the shareholders of CFSG on 19 February 2002 and was terminated on 3 March 2008
"CG Code"	the Code on Corporate Governance Practices as contained in the Listing Rules
"CG Report"	the corporate governance report of the Company covering the year ended 31 December 2010 as required to be included in this annual report under the Listing Rules
"CIGL"	Celestial Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company. It is the substantial shareholder of CFSG
"Company" or "CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board

Definitions (continued)

"Connected Clients"	Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard (executive Directors of each of the Company and CFSG), Mr Chan Chi Ming Benson and Mr Cheng Man Pan Ben (executive directors of CFSG), Cash Guardian (a substantial Shareholder of the Company), and Libra Capital Management (HK) Limited and Cashflow Credit Limited (wholly-owned subsidiaries of the Company which was the substantial shareholder of CFSG), all of which, except Libra Capital Management (HK) Limited and Cashflow Credit Limited, are connected persons of the Company (as defined under the Listing Rules) as at the date of the relevant agreements
"COO"	the chief operating officer of the Company
"CRMG" or "CRMG Group"	CASH Retail Management (HK) Limited ("CRMG", together with its subsidiaries "CRMG Group"), a company incorporated in the British Virgin Islands with limited liabilities, and the holding company of the CRMG Group. CRMG Group are mainly engage in retail business in Hong Kong and China. CRMG is currently a wholly-owned subsidiary of CFSG, an associate of the Company
"Directors"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company
"Group" or "CASH Group"	the Company and its subsidiaries
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Margin Financing Arrangement"	the grant of margin financing facilities by CFSG to the Connected Clients for each of the three financial years ending on 31 December 2012, details of which are disclosed under the sub-section headed "Continuing Connected Transactions" in the Directors' report
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"Moli" or "Moli Group"	Netfield and its subsidiaries, which mainly operate and develop online games in the PRC, are wholly-owned subsidiaries of the Company
"NED(s)"	the non-executive Director(s) of the Company
"Netfield"	Netfield Technology Limited, a company incorporated in Bermuda with limited liability. It is a wholly-owned subsidiary of the Company and the holding company of the Moli Group
"PRC"	the People's Republic of China
"Principles"	a set of corporate governance principles adopted by the Board
"Remuneration Committee"	the remuneration committee of the Company established pursuant to the CG Code of the Listing Rules
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of the Company

Definitions (continued)

"Share Option Scheme"	the existing share option scheme of the Company adopted by the Shareholders at the special general meeting held on 19 February 2002 and is currently the only share option scheme of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

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