CASH

Celestial Asia Securities Holdings Limited

(Stock Code: 1049)

2013 Annual Report

Contents

Corporate Profile

CORPORATE PROFILE

Celestial Asia Securities Holdings Limited ("CASH Group", SEHK: 1049) is a multi-faceted service conglomerate in China. We address modern consumer needs in investment and wealth management, home improvement, lifestyle, personal enjoyment and mobile internet services. All our businesses share a common mission that our customers' interests always come first. Our brands are synonymous with good customer service, great quality and fabulous value.

Abide by the "People-Oriented" principle, CASH Group is committed to becoming a Total Caring Organisation to partner with our key stakeholders to work towards the sustainable development of our business, our employees, our environment and our society. CASH's award-winning companies comprise CASH Financial Services Group (CFSG), CASH Retail Management Group (CRMG): Pricerite, and Net2Gather (China) Holdings.

FINANCIAL SERVICES — CFSG

CASH Financial Services Group (SEHK: 510) is a leading financial services conglomerate in China, providing a comprehensive range of financial products and quality services that includes mobile and premium trading, investment banking, algo trading and corporate finance advisory, wealth and asset management, alternative trading, etc. As a leading technology-focused financial services provider, coupled with our professional human talents, CFSG is committed to operating the state-of-the-art trading platform to provide our clients with instant market information while at the same time trade anytime, anywhere, borderless.

Headquartered in Hong Kong, CFSG has already built a solid foothold in China. 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.

Known for our innovation and quality services, CFSG has been widely recognised in the industry. In 2008, CFSG was the first organisation in Hong Kong to obtain the stringent ISO 9001:2008 certification, with zero non-conformity. Other accolades include a Top Service Brand award from the Hong Kong Brand Development Council, and the Distinguished Salespersons Awards from the Hong Kong Management Association, etc.

RETAIL MANAGEMENT — PRICERITE

Pricerite is the largest home furnishing specialist in Hong Kong. Through our comprehensive network of outlets, we offer products from furniture, DIY products, home textiles, household products, home appliances to AV products. Upholding the "Living Smart" principle, we are committed to providing one-stop smart home solutions that exceed customer expectations. Headquartered in Hong Kong, our extensive sourcing network in China enables us to work directly with manufacturing partners to ensure all our products are with great value. We also strive to foster a caring culture for our customers, employees, vendors, communities and natural environment.

We have a long heritage of adopting advanced technologies to enhance our operating efficiency. From back office support to product and service offerings, marketing communications and delivery scheduling, we strengthen our competitive edges through a balanced fusion of technology and people.

Pricerite is known for its relentless effort in pursuing dedicated services and product innovation, resulting in high acclaims such as the Premier Service Brand from the Hong Kong Brand Development Council, "Outstanding QTS Merchant Awards" — Gold Award from Hong Kong Tourism Board, the PRC Consumers' Favourite Brands Campaign 2008 from the China Enterprise Reputation & Credibility Association (Overseas) Ltd. and numerous Service and Courtesy Awards from the Hong Kong Retail Management Association, etc.

MOBILE INTERNET — NET2GATHER (CHINA)

Net2Gather (China) Holdings is a Mobile Internet service provider in China, providing online games, mobile games and IPTV interactive games. By aggregating various Mobile Internet services into an integrated platform, including content (upstream), operating platforms (midstream) and distribution channels (downstream), Net2Gather aims to build a cross-value chain of activities to enable people to come 2Gather in an online community in China that combines Mobile, Internet and Television platforms in line with the national move towards convergence.

Corporate Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman)
TSUI Wing Cheong Sammy	(CEO)
LAW Ping Wah Bernard	(CFO)
NG Hin Sing Derek	(ED)

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, FCS

AUTHORISED REPRESENTATIVES

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

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
Wing Hang Bank, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Chong Hing Bank Limited
China Construction Bank (Asia) Corporation Limited
Wing Lung Bank Limited
The Bank of East Asia, Limited
Shanghai Commercial Bank Limited
DBS Bank (Hong Kong) 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
22/F Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.cash.com.hk

STOCK CODE ON MAIN BOARD

1049

CONTACTS

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Chairman's Letter

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

2013 was jarred with contradictions as the US economy was improving slowly despite the Dow Jones Industrial Average reaching new heights. Similar situation was recorded in the Eurozone. In Hong Kong, the local economy experienced a stable year with GDP grew by 2.9% while the Hang Seng Index increased by 3% in 2013.

During the year, our financial services group carried on the transformation from a retail-oriented brokerage into a technology-driven financial services house which develops algorithmic (algo) trading services for our versatile clients. We transformed our whole value chain from product offering, market participation, platform development, human resources enhancement to strategic alliances with various local and overseas technology-focused partners. To date, with our infrastructure and human talent in place, we are confident that our new algo trading business will redefine the financial services industry in Hong Kong from a transactional business to a knowledge-driven economy and interdisciplinary profession, by providing technology-driven investment tools to maximize clients' investment returns.

On the other hand, the 2013 Hong Kong property market continued to be plagued by the government policies to curb its overheat. Notwithstanding the doldrums, our retail management business managed to record an increase in net segment profit. We believe that, going ahead, petite living space will dominate the Hong Kong property market, which corresponds to our area of strengths. Pricerite is endeavoured to help customers cope with the living space and high living cost problems by providing "Living Smart" home solutions. With more small-size residential flats commissioned in the coming years, we anticipate considerable growth in our retail management business accordingly.

Looking ahead, the Group is cautiously optimistic towards the market outlook and our business development. We will continue to pursue the cost leadership approach while grasping every opportunity we face. In the coming years, due to structural changes in the financial industry, both globally and locally, we envisage unprecedented challenges ahead. With the Group's strong balance sheet and abundant relevant experience, we are confident to lead the pack towards an innovative and technology-driven world.

2013 marked the 15th anniversary of the CASH Group (Celestial Asia Securities Holdings Limited). Back in 1998, the net book value of CASH Group was only HK$9.1 million while in 2013, our net book value already stood at HK$357.3 million, a phenomenal 40-fold in just 15 years. Thanks to the unfailing support of our shareholders, vision of the Board and concerted effort of the whole staff team, the CASH Group has been transformed from a pure brokerage into a multi-faceted service conglomerate to advance in the financial services, retail management and e-commerce businesses. It proves that the robust foundation of our diversified businesses is remarkably resilient in weathering the volatile periods in the past years.

May I thank my fellow shareholders for their trusted rapport, my board members for their perseverance and wisdom, my staff members for their dedication, hard work and persistence in helping the Group's transformation throughout the years.

Yours sincerely,

Bankee P. Kwan
Chairman
Celestial Asia Securities Holdings Limited

Financial Review

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

On 15 May 2013, CFSG, the Group's non-wholly-owned subsidiary, announced to distribute all of its shares in CRMG to its qualified shareholders through distribution in specie which was subsequently completed on 28 June 2013. As such, the CRMG Group (Retail Management Business), has become a directly non-wholly-owned subsidiary of the Group with effect from 28 June 2013.

During the year under review, notwithstanding the challenges brought by the uncertainty in the macro-economic and keen competition amongst industry players, the Group's Financial Service Business and Retail Management Business managed to weather through the difficulties and maintained the same revenue level of the previous year. Overall, the Group recorded revenue of HK$1,306.5 million for the year ended 31 December 2013 as compared to HK$1,290.3 million the previous year. During the year, the Group had recognised impairment loss of HK$37.6 million in respect of the intangible assets (mostly related to its mobile internet services business) after taking into consideration the keen competition and its unsatisfactory performance. Overall, for the year ended 31 December 2013, the Group reported a net loss for the year attributable to the owners of the Company of HK$87.8 million as compared to a net loss of HK$228.6 million the previous year.

Financial Services Business — FSG

During the year under review, the Hong Kong stock market faced mixed sentiments with unpredictable changes and challenges. In early 2013, investors' concerns about unresolved sovereign debts crises in Europe started abating after the European Central Bank announced the outright monetary transaction program to purchase European debts and its monetary easing policy until at least mid-2014. Together with the US Federal Reserve's third round of quantitative easing, which had provided liquidity to the global financial system since September 2012, the investor confidence in the local stock market improved as a result of abundant market liquidity at home and overseas in early 2013. However, the capital market was rocked in mid-2013 when the investor sentiment was battered by the related speculation of the time-frame on the trim of US quantitative easing stimulus. Furthermore, the brief partial shutdown of the Federal Government in October 2013 triggered the concerns about the market impact of the US fiscal cliff. Coupled with the worry about further macro-economic measures in the PRC property market and liquidity of the banking sectors in the second half of 2013, the general investment risk appetite was affected. Despite the uncertainties in economic outlook, the stock market in Hong Kong had shown mild growth and improvement during the year under review. For the year ended 31 December 2013, the average daily turnover was approximately HK$62.6 billion, representing an increase of 16.2% when compared with HK$53.9 billion in 2012. Overall, for the year ended 31 December 2013, the Group's financial services business (FSG) recorded a 4.9% increase in revenue to HK$194.6 million as compared to HK$185.4 million in 2012. Facing the unfavourable business environments including the sluggish trading volumes and diminishing commission income resulting from the escalating cut-throat competition among local brokers, FSG recorded a net segment loss of HK$17.6 million for the year ended 31 December 2013 as compared to a net segment loss of HK$9.3 million (as restated) in 2012. While FSG continues to maintain stringent cost controls over its operations amid the tough business environment in the local investment industry, we have dedicated our resources in building the most advanced information and communication technology infrastructure and low-latency trading platform and recruited professionals to research and develop trading strategies for our algorithmic trading business for our institutional, corporate and individual investors for their versatile investment and wealth management needs.

Retail Management Business — CRMG

For the year ended 31 December 2013, our Retail Management Business recorded revenue of HK$1,108.6 million and a net segment profit of HK$10.7 million as compared to revenue of HK$1,095.7 million and a net segment profit of HK$12.6 million in 2012.

Hong Kong Retailing Business

Rising operating costs posed the biggest challenge to the Group's Retail Management Business. The newly enacted and lifted statutory minimum wage, inflationary pressure and appreciation of Renminbi were driving up our operating costs. Furthermore, in order to dampen residential price growth, the Hong Kong government has rolled out additional measures such as Buyers Stamp Duty, extension of the two-year-old Special Stamp Duty and Double Stamp Duty. Such measures had hit the property market hard and inevitably dragged our furniture sales. During the year under review, total number of transactions for residential property dropped remarkably by about 38% as compared with the previous year. To cope with these challenges, we have continued to step up our cost rationalisation measures and improved our operational efficiency and in the meantime, we have adopted a new branding campaign namely "Living Smart". New innovative products focusing on living space optimisation

FINANCIAL REVIEW

were introduced to the market. Our Tailor Made Furniture (TMF) service was well received and posted a strong revenue growth of 29% as compared with the previous year. In addition, as online shopping has become increasing popular, we have already pursued strategies to focus on developing the Group's e-commerce business. During the year under review, our e-commerce business had achieved an encouraging growth and reported a threefold increase in sales as compared with 2012. Despite the challenging business environment, the retailing business in Hong Kong managed to maintain the revenue level as the previous year and reported revenue of HK$1,099.3 million, representing a slight increase of 1.2% as compared with HK$1,086.4 million in 2012. Overall, our Hong Kong retailing business recorded a net profit before taxation of HK$26.8 million for the year ended 31 December 2013 as compared to net profit before taxation of HK$36.6 million the previous year.

PRC Retailing Business

The operating performance of our retailing business in the mainland China was not satisfactory and has yet to make any profit contribution to the Group. During the year under review, we had closed an underperformed store and at the same time taken more cost control measures. To tap with the fast expanding e-commerce market opportunity in China, we have dedicated resources to developing e-commerce business. Overall, for the year ended 31 December 2013, the PRC retailing operation recorded revenue of HK$9.3 million and a net loss before taxation of HK$16.1 million as compared to revenue of HK$9.3 million and a net loss before taxation of HK$24.1 million in 2012.

Mobile Internet Services Business

In view of the keen competition and unstable global economic situation, the Group had treaded carefully in adjusting the pace of our business expansion and carried out a thorough organisational and operational reengineering in order to preserve our financial resources to get through the current difficult time. During the year under review, the Group continued to implement stringent cost control measures over its operations and adhered to a prudent strategy for its online game business. In the meantime, we will put its best effort to explore ways to align its Mobile Internet Services Business with the new market landscape in e-commerce business in China and new initiatives of business development will be in place to enhance its competitiveness. Overall, for the year ended 31 December 2013, the Group's Mobile Internet Services business recorded revenue of HK$3.3 million and a net segment loss of HK$66.5 million (including an impairment loss recognised in respect of intangible assets amounting to HK$37.3 million) as compared to revenue of HK$9.2 million and a net segment loss of HK$173.1 million (including impairment loss recognised in respect of goodwill and intangible assets amounting to HK$83.4 million and HK$24.0 million respectively) the previous year.

Liquidity and Financial Resources

The Group's total equity amounted to HK$664.8 million as at 31 December 2013 as compared to HK$755.5 million at the end of the previous year. The decrease in equity was due to the combined result of raising capital of approximately HK$55.4 million by the issue of 184.7 million rights shares at HK$0.30 per share in June 2013 and the reported loss for the year under review.

As at 31 December 2013, the Group had total outstanding borrowings of approximately HK$458.7 million, which were mostly denominated in Hong Kong dollars except for a loan in the sum of RMB30 million (equivalent to approximately HK$38.1 million) due to a third party, comprising of unsecured loans of approximately of HK$39.6 million payable to certain independent third parties and secured loans of approximately of HK$419.1 million (including bank loans of approximately HK$419.0 million and obligations under finance leases of approximately HK$0.1 million). The above bank loans of approximately HK$419.0 million were secured by the Group's investment properties of carrying amounts of approximately HK$57.1 million, pledged deposits of HK$90.6 million, corporate guarantees and its margin clients' securities pledged to it. The total borrowings at the end of the previous year were approximately HK$518.4 million. The decrease in borrowings was mainly due to the decrease in margin financing to our clients as the investment activities had been reducing during the year under review.

The Group also had an unsecured loan of US$3.5 million (equivalent to approximately HK$27.4 million) from a minority shareholder of one of its subsidiaries.

As at 31 December 2013, our cash and bank balances totalled HK$1,154.7 million as compared to HK$1,204.7 million at the end of the previous year. The Group derives its revenue mainly in Hong Kong dollars and maintains its house fund mainly in Hong Kong dollars. The liquidity ratio as at 31 December 2013 remained healthy at 1.1 times, being the same level as at 31 December 2012.

The gearing ratio, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, was 69.0% as at 31 December 2013 as compared to 68.6% as at 31 December 2012. 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

On 3 December 2012, CFSG announced a discloseable transaction relating to subscription of 20% equity interest in Infinity by its subsidiary at the consideration of US$2,670,000 (equivalent to approximately HK$20,639,000) in cash. The subscription was completed on 3 January 2013. Details of the transaction are disclosed in note (42) to the consolidated financial statements and the announcement of CFSG dated 3 December 2012.

On 7 December 2012, the Company announced a major transaction relating to disposal of a residential property in Hong Kong (Rose Gardens, Magazine Gap Road) by its subsidiary at a consideration of HK$66,000,000 in cash. The disposal was approved by shareholders of the Company at a SGM held on 22 January 2013 and was completed on 6 February 2013. Details of the transaction are disclosed in the Company's announcement dated 7 December 2012 and the circular dated 2 January 2013.

On 15 May 2013, the Company and CFSG jointly announced the distribution in specie by CFSG of all the shares in CRMG (the holding company of the Retail Management Business) and the voluntary conditional cash offer by the Group to acquire all the issued shares in CRMG at an offer price of HK$0.011 ("Privateco Offer"). The distribution in specie and the Privateco Offer were approved by the shareholders of the Company and CFSG at their respective SGMs held on 18 June 2013 and 21 June 2013. The distribution in specie was completed on 28 June 2013. Since then, CRMG ceased as a subsidiary of CFSG and became a 42.75% directly-owned subsidiary of the Company immediately after completion of distribution in specie. The Privateco Offer was closed on 31 July 2013 and the Group has acquired a total of 48.19% equity interest in CRMG at a total consideration of approximately HK$20.6 million under the Privateco Offer. The Group was interested in a total of 90.94% equity interest in CRMG immediately after the Privateco Offer. As at 31 December 2013, the Group was interested in a total of 90.98% equity interest in CRMG. Details of the transactions are disclosed in the various announcements and circulars issued by the Company and/or CFSG from May to July 2013.

On 14 November 2013, the Company announced a major transaction relating to disposal of a commercial property in Hong Kong (22/F Rykadan Capital Tower, Kwun Tong) by a subsidiary of the Company (held through CFSG) at a consideration of approximately HK$135,000,000 in cash. The disposal of the said property was approved by shareholders of the Company at a SGM held on 23 December 2013 and was completed on 20 January 2014. Details of the transaction are disclosed in the joint announcement of the Company and CFSG dated 14 November 2013, and the circular issued by the Company dated 5 December 2013.

On 24 January 2014, subsequent to the balance sheet date, the Company and CFSG jointed announced the disposal of entire equity interest in an associated company of the Company (held through CFSG) which held a commercial property in Shanghai (The Point Jingan, Jing'An District) at a consideration of RMB652,787,527 (equivalent to approximately HK$840,800,000). Details of the transaction are disclosed in the announcement of the Company dated 24 January 2014.

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

Capital Commitment

As at 31 December 2013, the Group has a capital commitment of HK$184.1 million in relation to the balance of consideration of acquisition of the properties. Details of the capital commitments are also disclosed in note (42) to the consolidated financial statements.

Save as aforesaid, the Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

As at 31 December 2013, the Group was holding a portfolio of investments held for trading with market values of approximately HK$55.0 million. The net gain derived from investments held for trading of HK$67.6 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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Services Business — FSG

Industry Review

In 2013, the world economy, particularly developed markets, began to show some signs of strength. Global economic growth reached 2.4%, driven by a continued rejuvenation in the developed economies in the US and the Eurozone.

In 2013, Hong Kong regained its standing as one of the top three stock exchanges globally in terms of IPO funds raised. Despite the aforesaid, recovery in the IPO market was not a proven one until October 2013. The first quarter of 2013 still showed a loss in market momentum with recording funds raised of only HK$8.2 billion, a 16% decline compared with the corresponding period in the previous year. In the final quarter of the year, with the expected deferral in the planned tapering of quantitative easing, the IPO market saw clear signs of recovery. On 11 October 2013 alone, six companies were newly listed, and the momentum continued in November. Total proceeds in 2013 reached HK$166,500 million, 75% higher than the HK$90,043 million recorded in 2012.

In Asia, the stimulus initiated by the Japanese government has lifted the economy, ending years of deflation and bringing the Nikkei 225 Stock Index to surge 29% in 2013. This represents the biggest jump for the index since the 1980s economic bubble and one of the largest returns in the Asian region. Performance in China was relatively muted in 2013. The benchmark stock index, the Shanghai Composite Index, recorded a drop of 3.9% year-to-date to end 2013 on a slightly lower note.

Towards the end of 2013, the US Federal Reserve announced its decision to begin tapering its asset purchase in January 2014. With this positive signal about the strength of the US economy, the S&P 500 experienced record highs and ended the year at 1,848.36.

The Hang Seng Index (HSI) experienced a slight increase of 3% during the year. With improving market sentiments, however, average daily turnover soar to HK$62,560 million, a climb of 16% compared with HK$53,851 million for the same period last year.

Business Review

Platform Development

In 2013, we continued to devote more resources to strength our mobile trading platform. An iPad trading App "CharTrader" was introduced to the market in January. It is first in Hong Kong market, which allows investors to trade HK futures contract by touching any points on the chart. We have also introduced the CASH Futures Trader in January. In May, we launched an App "Big Tea Rice". It provides an interactive interface for investors to search for their favorite stocks by setting different criteria as well as to provide their views on the stock market. In December, we launched the CASH Global Futures, which provides real-time futures quotes and trading platform for global markets. Apart from the above, we also introduced the Andriod version of the CASH Securities Trader and CASH Futures Trader in addition to the existing iPhone version later in the year.

Investment Banking

After recording a significant drop in the IPO fund raising in Hong Kong by more than 60% in 2012, the IPO market improved in 2013 in terms of size of fund raised and number of newly listed companies. The total amount of fund raised through IPOs amounted to HK$166.5 billion, representing an increase of approximately 85% from 2012. The total number of newly listed companies for 2013 was 110, an increase by more than 71% as compared with last year. Despite such improvement in the market sentiment, the market participants and professionals involving in IPOs in Hong Kong are facing more challenges upon the new rules and regulations on IPOs and sponsors effective in October last year. In order to cope with the changing market environment and more stringent regulatory requirements, we have maintained our strategy in sponsoring IPOs of small to medium cap companies by leveraging our strength in such sector.

In addition to the IPO projects, we have focused on M&A advisory, fund raising activities and other corporate finance exercises. During the year ended 31 December 2013, we acted as the financial advisor of a number of sizeable corporate finance transactions, for H-Share listed company, state-owned enterprises and other listed companies in Hong Kong (including Xiamen International Port Co., Ltd, Wuling Motors Holdings Limited, China Uptown Group Company Limited and Van Shung Chong Holdings Limited), in respect of M&As, very substantial acquisitions and disposals as well as major transactions (involving formation of joint venture in the PRC, disposal of key assets and businesses, acquisition and disposal of interests in companies), distribution in specie, and general offer and whitewash application made under the Takeovers Code. We have also obtained mandates as the compliance advisors of newly listed companies in Hong Kong. We will continue this proven strategy to have a balanced focus on IPOs as well as other financial advisory and corporate transactions for the purpose of diversifying our business and income streams.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities Broking

During the year, investors regained confidence in the domestic equities market. Trading volume recorded an encouraging increase, reflected by the 16% jump in the average daily turnover. The IPO market was recovering as well, leading to a surge in our income from margin financing. Overall, the Group's broking business recorded an operating revenue of HK$194.6 million in the reporting period, increasing 4.9% compared with the same period of last year.

High expectation for China's reform progress and liquidity pressure may result in volatilities of Hong Kong and Mainland stock markets. With the expected accommodative monetary condition, we look for the global recovery to move up a gear in 2014. Hong Kong economy is likely to be relatively stable and may increase moderately in 2014. Together, we expect the securities market to continue to recover and stabilize in the year to come.

Wealth Management and China Development

As a fully-fledged and long standing wealth management service provider, our goal is to help our clients achieve their life-long investment objectives with our personalized and comprehensive investment solutions on a risk-adjusted basis. During the year under review, the global market condition showed a bipolar performance, while the developed economies, i.e. US and some of the European countries, continue to demonstrate a strong economic recovery, the developing economies including Brazil, India and ASEAN region showed different degrees of economic downturn. Thanks to its mainland strategy launched few years ago to enhance income sources and channel development, the business unit only showed a moderate slowdown in terms of turnover in the year of 2013.

During the year under review, the unit continues to strengthen discretionary portfolio management to provide personalized customer service experience to our clients. Although the global investment markets remained volatile, the team managed to achieve satisfactory performance for the discretionary portfolio accounts. This not only enhances our corporate branding, it also helps to attract new assets from prospective clients.

China is one of the fastest-growing wealth management markets in the coming decade. The rapid growth in high-net-worth individuals resulted in a bloom of Independent Financial Advisers (IFAs) in China. The recent unsatisfactory investment return in China also reminds the investing public to have a diversified portfolio. The establishment of Shanghai Free Trade Zone in September provides an opportunity for the unit to leverage on its financial innovation capability and portfolio management expertise to structure in-house wealth management products to fulfil global investment needs of the investing public. The business unit will also continue to concentrate its resources in expanding the networks through forming co-operation with local business partners and devote resources to strengthen our portfolio management capability.

Asset Management

Hong Kong and Mainland stock market underperformed the overseas stock market in 2013. Slower economic growth in China and the tightening liquidity problem raised investors' concern on economic hard landing in China. In addition of the recovery signal of the economic situation in the US and Europe, investors reallocated their portfolio by lowering the weighting of Hong Kong and China stocks and increasing the weighting on US and European stocks. Overall, the HSI rose 3% and the H-share index fell 5.42% in the year of 2013.

Our amount of Asset Under Management (AUM) rose around 31.38% compared with the end of the year in 2012. We outperformed the market during the period as we put more efforts to acquire new high-net-worth clients. As the market concerned the slow down of the economic growth in China, we focus on those sectors with lower co-relationship with the China's economic growth such as technology, logistics and Macau gaming industry and avoid the liquidity sensitive sectors such as raw material and financial sectors.

Looking forward, we expect China's economic growth rate to sustain at 7% in the year of 2014. The Hong Kong stock market is trading at around 11 times prospective 2013 P/E and around 3.2% dividend yield and the current valuation is undemanding for the long-term investors. As the concerns of some negative factors such as slow down of the economic growth in China and the problem of loan issue in the province government still exists, we expect that the Hong Kong market may continue to keep the sideway movement in the year of 2014 while technology, logistics, gaming and health care sectors may outperform the market. We believe that our AUM and revenue such as performance fee may keep a reasonable growth in 2014.

Fund Management

The Group has expanded into the fund management business in China through the investment in Infinity in December 2012. Infinity owns 16 local RMB funds with asset under management of exceeding RMB2 billion. It invests in a diverse portfolio of

Chinese companies in a wide range of industry sectors, with an impressive track record for partnering with high-growth technology companies.

In May 2013, Infinity Group and its partner have committed to taking part in building and financing the new Beijing Eco-Valley Project, the first Sino-Israeli 'smart' agricultural city. The Project is a joint initiative between Infinity Group, an independent third party, and the City of Beijing, with the support of the Israeli Government.

During the year, planning for setting new offshore funds focusing on pre-IPO investments in Hong Kong and projects in China with expected returns respectively have been conducted and crossselling of brokerage, investment banking, wealth management and asset management services of the Group has been made through network of Infinity in China. Potential IPO candidates have been referred to our Investment Banking Group for pitching while investment and wealth management products distributions have been established.

Outlook and Corporate Strategy

While 2013 was a fruitful year for Hong Kong's IPO market, it is expected that such momentum in the market will continue in 2014. It is likely to see a large number of sizable deals in 2014, covering large IPOs from spin-offs of local listed companies. The Stock Exchange has been taking active initiative in attracting more foreign companies. For example, in September 2013, the Securities and Futures Commission and the Exchange jointly issued the revised Joint Policy Statement regarding the listing of overseas companies. With enhanced regulatory certainty, it is likely to see an increase in overseas listed companies coming to Hong Kong in the years to come and a continued growth in Hong Kong's IPO market activities for the second successive year.

Despite the muted performance in 2013, Mainland China remains an attractive destination to investors, especially with the Chinese government's move to entering a period of structural and economic reforms in promoting a more market-driven economy and stimulating growth.

The capital market continues to grow with increasing complexity and sophistication. Algorithmic trading, while having gained its importance in global market, mainly the US, has recently started to catch the attention of regulators in Hong Kong. A new regulation on electronic trading, algorithmic trading and direct market access (DMA) is effective on 1 January 2014. The new regulation, while imposing heavier burden on the Group's algorithmic trading business, also provides clearer direction and guidelines to the Group. The launching of the new rules also signifies the growing recognition and importance of algorithmic trading in the Hong Kong financial market. Alongside the clear approach adopted by the Exchange in advanced trading platform development, we will continue to dedicate resources in high level technology investment and maintain our leading position in the market as a professional provider of high-speed, reliable, and technologically advanced trading platforms.

With the growing complexity and sophistication of the capital market, professionals and expertise with high caliber are intensively sought over. Human assets are always highly valued by the Group. Over the year, we were able to gather professionals from around the globe, ranging from scholars and professors from respectable universities, to expertise in the financial industry. The mix of talent allows the Group to develop further in an all-round perspective. Leading the elite teams with advanced technology will drive the Group's future development. We will continue to build up our high technology trading strategies and to capture market niche and opportunities available.

Retail Management Business — CRMG

Pricerite Business Review

In 2013 Hong Kong economy underwent moderate growth in consumption, stable expansion in income and employment conditions. However, the stagnant real estate market, especially towards the second half of the year, severely affects the consumption of furniture and home products. Despite the above, we are pleased to report that we have achieved steady growth in both revenue and gross profit, mainly by strategic initiatives and proper execution throughout the year.

LIVING SMART by Pricerite

In view of the small apartments and crowded living space in town, we continue to implement our LIVING SMART strategic plan by offering customer unique smart solutions, specially for young couples and individuals, to improve their quality of living.

To promote LIVING SMART CAMPAIGN, our marketing communications and in-store materials focus on home furnishing, household tips and smart product recommendations. We offer customers ideas and solutions to create and optimize "Space" in their small apartments, to decorate home with personal "Style", and to make use of eco-friendly products to create "Savings" on energy, time & money.

MANAGEMENT DISCUSSION AND ANALYSIS

Store Network

During the year, we have revamped our flagship stores in Causeway Bay, Yuen Long and expanded Shatin flagship store, to showcase the LIVING SMART solutions. A diverse range of room settings were set up to inspire different stylish mix and match ideas with our furniture series.

Our "tailor-made furniture (TMF)" centre has been expanded to include most of our stores to demonstrate different space optimization ideas, such as raised floor, pull-down wall bed and table. Variety of wall-mount shelving items have been further developed to include enhanced multi-function and aesthetic appeals on storage and home organization.

Smart Merchandises

To help customers to have healthier, more savings and convenient lifestyle, our merchandising team and product development team have worked closely with our suppliers to introduce assorted innovative products and solutions to deepen and broaden LIVING SMART product portfolio.

As more and more smaller apartments are introduced to the market, we see there is an increasing challenge for new home owners to manage living space in a small room. As such, we have focused our effort in delivering home solutions to maximize living space. As the exclusive retailer of Hiddenbed in Hong Kong, a leading space saving furniture brand, we had introduced more models to cater for different needs of small families. Hiddenbed has presence in 22 countries and its patented mechanics helps users to double the usable space easily by transforming a bed to a desk (and vice versa) in seconds.

Modular design is another merchandising focus. To enable customers to tailor-make their own mix-and-match wardrobe system, we have developed a new series of wardrobe system named WoodCrest in the first half of this year.

Being a leading home furnishing retailer, we strive to continuously improve product safety and product healthiness. In 2013, we have led and set the industry standard by accrediting all office chairs, folding chairs and stools with international standards.

Our sales performance in customized furniture continued to grow rapidly with the expansion of our tailor-made furniture (TMF) centres with a team of specialists. To better serve customers who are renovating new homes or refurnishing apartments, we have added window curtains, flooring and wall paint products and services to our tailor-made services, to provide one-stop-shop decorative solutions.

E-Channels

In the reporting year, our online shop has shown rampant growth in terms of traffic and sales. To improve customer browsing and shopping experience, a giant revamp has rolled out during the year, including re-design overall look and feel of the online shop, and adding a wide range of online-to-offline features. Member points added via purchase in physical stores can now be used in online shop (and vice versa).

In the second half of the year, thanks to high broadband and smart phone penetration as well as growing m-commerce development, a mobile version of our online shop has been launched to enable younger customers to enjoy round-the-clock shopping anytime anywhere.

In the second quarter of the year, we took a new initiative to explore the mobile-commerce by launching Pricerite Express. Being the first of its kind in Hong Kong, Pricerite Express delivers the convenience of mobile-commerce while at the same time replicates the actual shopping experience. By displaying real scale of product images on wall posters at Admiralty, Tsing Yi and Tseung Kwan O MTR stations, hustle and bustle working class can shop by mobile device during waiting time of transportation. Pricerite Express creates high market awareness, by making its first attempt to explore zero-floor-area, zero-instore-manpower shop for future business expansion. The success of Pricerite Express is recognized by winning HKMA/TVB Awards for Marketing Excellence 2013 — "Citation for Innovation" and "Citation for Digital Marketing".

To facilitate our customer relationship management with aid of various social media platforms, we have successfully acquired over 20,000 Facebook fans, and stay connected to our customers anytime anywhere by WeChat and Youtube channels.

Rewards & Recognitions

Committed to providing excellent services to our customers, we had been recognized by numerous honorable awards for the years of dedicated service offered. During the year, we have won not only the Distinguished Salesperson Award (DSA) and the Outstanding Young Salesperson Award (OYSA) 2013 but also HKRMA's Service & Courtesy Award, which is respected as the "Oscars" of Hong Kong retail industry.

Besides, we also won the awards of GS1 Hong Kong Consumer Caring Companies 2013 and Hong Kong Awards for Environmental Excellence (HKAEE) Wholesalers & Retailers Sector.

China Operations

In Guangzhou, 生活經艷 has explored offline to online business opportunities and has launched its online shop in T-Mall during the year. Together with physical stores, we have organized online-to-offline or offline-to-online promotion campaigns, have explored different business cooperation and have worked closely with local newspapers and TV channels to develop brand exposure.

Mobile Internet Services Business

Industry Review

According to the research report released by the Game Publication Committee of the Publishers Association of China (GPC) and International Data Corporation (IDC), earnings of the China gaming market reached RMB83.17 billion, a year-on-year increase of 38%. Despite the booming development, the online gaming industry in China is presented with many challenges jeopardizing its sustainable and healthy growth, including copyright violations, lack of innovations in game design and enhancements of user experiences.

After experiencing unprecedented growth in both market size and number of users during the past decade, the revenue growth of client-based online gaming sector slid to a new low in the past year. The client-end based games are still the largest market segment in the online gaming industry of China. Yet, the growth has significantly slowed down. The market share of client-end based games was 64.5% in 2013, down by 10.4% as compared with the same in 2012. Client-based games, which require users to download software before they play, is now extremely mature and highly competitive.

Growth in both smartphone usage and connectivity of 3G network has spurred a switch from PC online games to mobile games. Local developers are looking to mobile gaming for faster profit growth. Earnings of the mobile gaming market reached RMB11.24 billion in 2013, up 246.9% year on year. Despite the notable growth in the past few quarters, the decline in spending on PC online games has not yet materialized on the mobile games, due to the lower monetization features comparing to traditional PC online games. The competition is getting more intense as the client-based and browser-based gaming companies have gained a foothold in the mobile gaming sector. According to the report figures released by Niko Partners, there are more than 80,000 development studios in China working on mobile games, releasing over 100 games per day. Companies find it increasingly difficult to stand out in the crowded mobile gaming market, which is now highly fragmented with hundreds of app stores presented. Intense competition means that gamers do not necessarily have to pay for games. On the other hand, operating performance tends to decline at a faster rate after reaching a peak of popularity and player usage in just a few months' time. Usually, the success of gaming companies is highly dependent on a single game title. Despite the active efforts to dedicate resources in building game portfolios, it is unlikely to replicate the success of single popular game due to fast-evolving customer expectations. It is expected to see rapid consolidation of the mobile gaming market in the coming years.

Business Review & Outlook

During the year, the Group completed restructuring of online gaming business and ceased the development and operation of several game titles in China due to the weaker than expected operating performance and unsatisfactory results in user acceptance tests. The Group continued to launch content updates of "King of Pirates" for our overseas license partners.

According to the data released by The Ministry of Industry and Information Technology, there were 1.229 billion subscribers of mobile communication services in China as of the end of December 2013, growing by 10.42% year-on-year, in which 401.61 million of them were 3G users and 807.56 million were mobile Internet-access users. The number of China's 4G mobile phone network users might top 30 million in more than 300 cities in 2014. With the rapid development of China's mobile network connectivity and higher penetration of mobile devices, the mobile internet industry will see its rampant growth in next few years. Mobile game is now making up the fastest growing segment in the online gaming industry in China. It has taken market share from PC-based casual and social online games. Casual and trivia games are currently among the most popular mobile game titles, but more intense games such as role-playing and strategy games will gain importance over time on the mobile gaming sector. We will continue to explore investment opportunities to form partnerships with development studios or companies that have strong and proven development capabilities to enhance our mobile game and content offerings.

Employee Information

EMPLOYEE INFORMATION

At 31 December 2013, the Group had 1,150 employees, of which 233 were at the CFSG Group. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$268.2 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.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN

Chairman

MBA, BBA, FFA, MHKSI, CPM(HK), MHKIM

Mr Kwan, aged 54, 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. An MBA graduate from The Murdoch University of Perth, Australia and a BBA graduate from The Chinese University of Hong Kong, Mr Kwan is also a fellow of the Institute of Financial Accountants, UK, a member of the Hong Kong Securities Institute, a Certified Professional Marketer (HK) and a member of the 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; a member of the Court of City University of Hong Kong; an honorary fellow of The Open University of Hong Kong; a trustee of New Asia College of The Chinese University of Hong Kong; an advisory professor of Nanjing University. Mr Kwan is also an honorary advisor of several higher education institutions, including 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 the community. He is a member of the standing committee of the Chinese People's Political Consultative Conference (CPPCC), Shanghai Committee; a member of the Election Committee for the Fourth Term of the Chief Executive Election of the HKSAR; and the immediate past chairman and honorary advisor of the Hong Kong Retail Management Association. Mr Kwan has also been a member of the Central Policy Unit of the Government of the HKSAR. Currently, he is also a member of the Consumer Council; the Minimum Wage Commission; The Small and Medium Enterprises Committee (SMEC), Trade and Industry Department; the Consultation Panel of the West Kowloon Cultural District Authority; the Corporate Advisory Council of Hong Kong Securities Institute and the Business Facilitation Advisory Committee (BFAC). He is also the Convenor of the Wholesale and Retail Task Force (WRTF) of the BFAC. Mr Kwan is also an honorary advisor of the CEPA Business Opportunities Development Alliance.

In December 2009, Mr Kwan was named "Entrepreneur of the Year 2009" in the Asia Pacific Entrepreneurship Awards as 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Sammy Wing-cheong TSUI

CEO

Mr Tsui, aged 49, joined the Board on 7 October 2013. He is in charge of the overall corporate development and management of the Group. He has worked in the advertising and media field for more than 22 years. He has extensive experience in marketing and management. He is the founder of the Taobao Tianxia Weekly Magazine in Hong Kong and "auto22.com", an online automobile trading platform owned by New World Cyberbase Limited. He had been the executive director and chief executive officer of China Outdoor Media Group Limited (stock code: 254), the group chief executive officer of BMA Investment Limited, chief operating officer of Sing Tao Magazines Group Limited, chief executive officer of Sing Tao Publishing Group Limited and publisher of South China Media Limited. He is also a mentor in the Mentorship Program at the Journalism and Media Studies Center of the University of Hong Kong.

Bernard Ping-wah LAW

CFO

MBA, FCCA, FCPA, MHKSI

Mr Law, aged 55, 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. He graduated from The University of Warwick, UK with a Master 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. He is also an executive director and chief financial officer of CFSG.

Derek Hin-sing NG

ED

MBA, BA, CFP^CM

Mr Ng, aged 45, joined the Board on 5 August 2013. He is in charge of the corporate development and management of the Group's retail business. He has extensive experience in the field of retail operation and management. Mr Ng graduated from Southern Illinois University Carbondale in US with a Master Degree of Business Administration and from Ottawa University in US with a Bachelor Degree of Arts. He is a CERTIFIED FINANCIAL PLANNERCM professional.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Johnny Ka-kui LEUNG

INED

LL.B

Mr Leung, aged 56, 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. He graduated from the University of London with a Bachelor Degree of Laws. He is the chairman of the Audit Committee and the Remuneration Committee.

Chuk-yan WONG

INED

MSc (Business Administration), BBA, CFA, CGA

Mr Wong, aged 52, 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. He 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 Degree of Business Administration. He is a Chartered Financial Analyst (CFA) charterholder and a Certified General Accountant of Canada. He is also a member of the Audit Committee and the Remuneration Committee.

Hak-sin CHAN

INED

PhD, MBA, BBA

Dr Chan, aged 52, 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. He is an associate professor in the Department of Marketing and Management at Hang Seng Management College. He graduated from the University of Wisconsin-Madison, US with a Doctor of Philosophy degree in Business and a Master Degree in Business Administration and from The Chinese University of Hong Kong with a Bachelor Degree in Business Administration. He is also a member of the Audit Committee.

SENIOR MANAGEMENT

Benson Chi-ming CHAN

Executive Director and Chief Executive Officer of CFSG

MBA, BA, FCCA, CPA, MHKSI

Mr Chan, aged 47, joined the Group in June 1998. He is in charge of the CFSG Group's overall business development and management. Mr Chan has extensive experience in the field of auditing, accounting, investment banking and corporate finance. He is a holder of Master Degree of Business Administration from The Hong Kong University of Science and Technology and Bachelor of Arts (Hons.) Degree in Accountancy from The Hong Kong Polytechnic University. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. Mr Chan is also the managing director and a responsible officer of Celestial Capital (the investment banking group of the CFSG Group).

Majone Pui-lai CHENG

Executive Director and Deputy Chief Executive Officer of CFSG

MSc, BEcon

Ms Cheng, aged 41, joined the Group in March 1998. She helps oversee the business development and management of the CFSG Group. Ms Cheng has extensive relevant experiences in the financial services industry. She received a Master Degree of Science in Financial Management from The University of London, UK and a Bachelor Degree in Economics from The University of Hong Kong. Ms Cheng is a responsible officer of Celestial Securities and Celestial Commodities respectively.

James Siu-pong LEUNG

Deputy Chief Executive Officer, Pricerite

MBA, BSocSc

Mr Leung, aged 51, joined the Group in October 2001. Mr Leung is in charge of the operations management of the Group's retail business. He has extensive experience in the fields of banking and retail management businesses. He received a Master Degree of Business Administration from Heriot-Watt University, UK and a Bachelor Degree of Social Sciences from The University of Hong Kong.

Raymond Kung-chit NG

Deputy Chief Executive Officer, Pricerite

M Mgmt, B Comm

Mr Ng, aged 45, joined the Group in November 1998. Mr Ng is in charge of the operations control and back office management of the Group's retail business. He has extensive management experience in corporate administration and operation. He received a Master Degree in Management from Macquarie University, Australia and a Bachelor Degree in Commerce from the University of Toronto, Canada.

Simon Kwok-tat SHING

Chief Marketing Officer

BA

Mr Shing, aged 45, joined the Group in January 2014. Mr Shing is in charge of the overall marketing strategy and promotion plan of the Group. He has extensive experience in consumer marketing and communications, with recent focus in banking and finance as well as retail sectors. He received a Bachelor Degree of Marketing from The Hong Kong Polytechnic University.

Raymond Pak-lau YUEN

Deputy CFO

BA, FCCA, CPA, ACA

Mr Yuen, aged 50, joined the Group in November 2000. Mr Yuen is responsible for overseeing Group's finance, treasury, accounting and financial management. He has extensive experience in internal audit, credit risk management and operations control. He graduated from The City University of Hong Kong with a Bachelor of Arts Degree 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.

Suzanne Wing-sheung LUKE

Company Secretary

FCIS, FCS

Ms Luke, aged 45, Ms Luke joined the Group in May 2000. She has extensive listed company secretarial experience. She is a fellow of the Institute of Chartered Secretaries and Administrators, UK and The Hong Kong Institute of Chartered Secretaries. In addition to taking the role as company secretary of the Company, she is also the company secretary of CFSG.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 14 of the Listing Rules. For the year ended 31 December 2013, the Company has complied with all the code provisions of the CG Code, except for the deviations with explanation described below:

i. Mr Kwan (Chairman of the Board) also acted as CEO of the Company during the underlying year. According to code provision A.2.1, the roles of Chairman and CEO of the Company should be separate. 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.

   Subsequent to the review year on 2 January 2014, Mr Tsui Wing Cheong Sammy, an executive director of the Company, has been promoted to chief executive officer of the Company in place of Mr Kwan with effect from 2 January 2014. Mr Kwan's CEO role has been relinquished and such code provision has been complied since then.

ii. The Company does not have a nomination committee as provided for in code provision A.5.1 as its function has been performed by the Board as a whole. The Board under the leadership of the Chairman is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

iii. According to code provision A.6.7, independent non-executive directors should attend general meeting of the Company in order to develop a balanced understanding of the view of shareholders. Due to their other business engagement, the INEDs were unable to attend respective SGMs and AGM of the Company held during the year, details of which are set out in page 28 of this annual report under the "Directors' Attendance and Time Commitment".

THE BOARD COMPOSITION

As at the date of this report, the Board comprised seven Directors (four EDs and three INEDs) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The INEDs will also share their valuable impartial view on matters to be discussed at the Board meetings. The biographies of the Directors are set out from pages 21 to 22 of this annual report under the "Board of Directors and Senior Management" section.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 requires that the roles of chairman and chief executive officer 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 during the underlying year and is responsible for formulating the strategies and policies of the business development of the Group, and overseeing the functioning of the Board. He would ensure that all Directors are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. In addition, the three INEDs provide independent and impartial opinion on issues to be considered by the Board. The board is of the opinion that the current Board structure functions effectively and does not intend to make any change thereof.

Subsequent to the review year on 2 January 2014, Mr Tsui Wing Cheong Sammy, an executive director of the Company, has been promoted to chief executive officer of the Company in place of Mr Kwan with effect from 2 January 2014. Mr Kwan's CEO role has been relinquished and such code provision has been complied since then.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs are all professionals with well recognised experience and expertise in professional and/or accounting fields who provide valuable advice to the Board. They are appointed for a term of one year and are subject to retirement from office and re-election at the AGM every year. The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of the Directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Shareholders by formulating strategic directions and monitoring the financial and management performance of the Group.

DELEGATION TO THE MANAGEMENT

The Management is led by the EDs of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the followings) must be reserved to the Board:

— Publication of final and interim results of the Company

— Dividend distribution or other distribution

— Major issues of treasury policy, accounting policy and remuneration policy

— Review on internal control system and risk management

— Corporate governance functions

— Review on the succession plan and consideration of the appointment, re-election and removal of the Directors

— Changes to major group structure or Board composition requiring notification by announcement

— Notifiable transaction and non-exempted connected transaction/continuing connected transaction

— Proposed transaction requiring the Shareholders' approval

— Capital restructuring

— Joint venture with outside party involving substantial capital commitment from the Group that requires notification by announcement

— Financial assistance to the Directors

RELATIONSHIP BETWEEN THE BOARD MEMBERS

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

All the Directors have been given a Directors' handbook containing relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and corporate information of the Group. The Directors' handbook will be regularly updated to reflect the updated corporate information and new rules and regulations.

All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. During the year, all the Directors have participated in continuous professional development by attending seminars/training and program/in-house briefing/reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Name of the Directors	Topics on training covered (Note)
Kwan Pak Hoo Bankee	(a) to (e)
Tsui Wing Cheong Sammy (was appointed on 7 October 2013)	(b)
Law Ping Wah Bernard	(a), (b), (c), (e)
Ng Hin Sing Derek (was appointed on 5 August 2013)	(b)
Leung Ka Kui Johnny	(a), (b), (c), (e)
Wong Chuk Yan	(a), (b)
Chan Hak Sin	(b)
Chan Yau Ching Bob (resigned on 5 August 2013)	(b)
Ng Kung Chit Raymond (resigned on 7 October 2013)	(b)

Notes:

(a) Global and local financial market, investment business environment

(b) Regulatory and corporate governance

(c) Finance, law and taxation

(d) Leadership and management skills

(e) Other information relevant to the Company or its business

There is a procedure agreed by the Board to ensure the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code during the year.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

The attendance of the Directors at the following meetings during the year is set out below:

	Meetings attended/held					
Name of Directors	**Executive Committee Meeting**	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
EDs						
Kwan Pak Hoo Bankee	8/8	5/5	N/A	1/1	1/1	3/3
Tsui Wing Cheong Sammy (was appointed on 7 October 2013)	2/2	1/1	N/A	N/A	N/A	1/1
Law Ping Wah Bernard	8/8	5/5	N/A	N/A	1/1	3/3
Ng Hin Sing Derek (was appointed on 5 August 2013)	3/3	3/3	N/A	N/A	N/A	1/1
Ng Kung Chit Raymond (resigned on 7 October 2013)	6/7	4/4	N/A	N/A	1/1	2/2
Chan Yau Ching Bob (resigned on 5 August 2013)	5/5	2/2	N/A	N/A	1/1	2/2
INEDs						
Leung Ka Kui Johnny	N/A	5/5	4/4	1/1	0/1	2/3
Wong Chuk Yan	N/A	5/5	4/4	1/1	1/1	1/3
Chan Hak Sin	N/A	3/5	2/4	N/A	0/1	2/3
Total number of meetings held:	8	5	4	1	1	3

During the year, the Chairman of the Board held a meeting with the INEDs without the presence of the EDs.

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their executive committee meetings with the Management on their respective functional duties and responsibilities, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the year.

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, and all applicable rules and regulations, are followed.

All Directors are consulted as to whether they wish to include any matter in the meeting agenda before the agenda for each board meeting is issued. Board meeting notice is sent to the Directors at least 14 days prior to each regular Board Meeting. Originals of the minutes of Board meetings will be kept by the Company Secretary and are opened for inspection at any reasonable time on reasonable notice by any Director.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates have a material interest and that he/she shall not be counted in the quorum present at the Board meeting.

AUDIT COMMITTEE *(SET UP ON 28 JUNE 1999)*

The Audit Committee comprises three INEDs, namely Mr Leung Ka Kui Johnny (chairman of the committee), Mr Wong Chuk Yan and Dr Chan Hak Sin.

The specific written terms of reference of the Audit Committee (as re-adopted on 7 February 2012) is available on the Company's website.

The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing of the financial reporting system and internal control procedures. The Audit Committee held four meetings during the year.

A summary of work performed by the Audit Committee during the year is set out as follows:

i. reviewed the annual and interim financial statements and the quarterly business operation and development of the Group;

ii. discussed/met with the external auditor on general accounting issues of the Group, and reviewed their work and findings relating to the annual audit and the effectiveness of the audit process;

iii. reviewed the effectiveness of the internal control system of the Group;

iv. annual review of the non-exempt continuing connected transactions of the Group; and

v. reviewed the external auditor's independence, approved the engagement and remuneration of external auditor and recommended the Board on the re-appointment of external auditor.

REMUNERATION COMMITTEE *(SET UP ON 1 JUNE 2005)*

The Remuneration Committee comprises two INEDs, Mr Leung Ka Kui Johnny (chairman of the committee) and Mr Wong Chuk Yan, as well as Mr Kwan Pak Hoo Bankee (Chairman of the Board).

The specific written terms of reference of the Remuneration Committee (as re-adopted on 7 February 2012) is available on the Company's website. Pursuant to model B.1.2(c)(ii) and the terms of reference in the CG Code adopted by the Remuneration Committee, its primary duties are to make recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual EDs and senior management. Details of the remuneration of each of the Directors for the year are set out in note 13 to the consolidated financial statements. The Remuneration Committee held one meeting during the year.

A summary of the work performed by the Remuneration Committee during the year is set out as follows:

i. determined and endorsed to the remuneration policy and structure for the Directors and senior management; and

ii. assessed the performance of executive Directors and reviewed their current level and remuneration structure/package and approved their specific remuneration package of executive Directors.

NOMINATION AND REMUNERATION POLICY FOR THE DIRECTORS

Nomination of the Directors

The Company had adopted a nomination policy for the criteria, procedures, and process of the appointment and removal of the Directors. The criteria to select candidates for directorship include the candidate's background, academic qualification, professional skill, experience in relevant areas, personal qualities, and whether the candidate can demonstrate his commitment, competence and integrity required for the position of the Director, and in case of INEDs, the independence requirements set out in the Listing Rules and their time commitment to the Company. Nomination of new Director(s) will normally be made by the Chairman and/or the CEO and is subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

During the year, the Board as a whole regularly reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules.

During the year under review, 2 meetings were held by the executive Directors in resolving appointment, resignation and promotion of the EDs of the Company.

Remuneration policy of the Directors

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

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

The remuneration of EDs generally consists of:

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

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

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

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

The remuneration of the NEDs (if any) and the INEDs will be a lump sum of Directors' remuneration made annually.

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 13 to the consolidated financial statements in this annual report.

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

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance functions of the Group. The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions are (a) reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management; and (c) reviewing the Company's compliance with code and disclosure in this report.

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of Directors and senior management and the Company's compliance with code and disclosure in this report.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings and the code of conduct throughout the year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the financial statements of the Group and other financial disclosures required under the Listing Rules and the Management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The Management has provided all members of the Board with monthly updates on internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The Management is primarily responsible for the design, implementation and maintenance of the internal control system to safeguard the Shareholders' investment and assets of the Group. The Management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast. Proper controls are in place for the recording of complete, accurate and timely accounting and management information.

Regular reviews and audits are carried out to ensure that the preparation of financial statements are carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

The Board had conducted review from time to time of the effectiveness of the system of internal control of the Company and its subsidiaries. The review covered the major operating areas of the business of the Group, including accounts opening and handling, dealing practices, settlement and asset protection. Proper management of risks, including credit risk, market risk, liquidity risk, operational risk and compliance risk are also important to the business of the Group. The Group has implemented policies and procedures on these areas and continuous revisions to its relevant policies and procedures will be made from time to time.

During the year, the Management had analyzed the control environment and risk assessment, identified the various control systems implemented. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the internal control system and evaluating findings on any deficiencies in the design of the internal controls and developing recommendations for improvement, where appropriate. The scope and findings of the review had been reported to and reviewed by the Audit Committee.

The Board and the Audit Committee had conducted a review on the effectiveness of internal control system of the Group (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting and financial reporting function for the year. The Board considered that its internal control system is effective and adequate and the Company had complied with the code provisions on internal control of the CG Code in this respect in general.

COMMUNICATION WITH SHAREHOLDERS

The Directors consider communication with the Shareholders are mainly in the following ways: (i) the holding of AGMs and SGMs, if any, which may be convened for specific purpose and can provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; (iii) the holding of press conference from time to time; and (iv) the upkeeping of the latest information of the Group in the Company's website at www.cash.com.hk. The Shareholders and investors are welcome to visit such website.

In order to protect the environment and save costs for the benefit of the Shareholders, the Company has introduced electronic means for receiving corporate communication by the Shareholders. The Shareholders may elect to receive printed or electronic copies of corporate communication. However, the Shareholders are encouraged to access corporate communication from the Company through the Company's website.

Separate resolutions are proposed at the general meetings for substantial issues, including re-election of retiring Directors. The Company's notice to the Shareholders for the AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of the SGMs was sent to shareholders at least 10 clear business days before such meetings in year 2013.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year.

SHAREHOLDERS' RIGHTS

Convening a SGM and putting forward proposals at general meetings

Pursuant to the Bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board.

The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day within two months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or tel: (852) 2980 1333 or email: cash1049@cash.com.hk.

Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong or tel: (852) 2287 8888 or fax: (852) 2287 8000 or email: inquiry@cash.com.hk.

CORPORATE GOVERNANCE REPORT

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and has recommended the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting. During the year, Messrs. Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company are set out as follows:

Services rendered	**Fees paid/payable** HK$
Audit services	4,240,000
Non-audit services:	
Review of the preliminary results announcement, rights issue and circular	1,565,000
	5,805,000

On behalf of the Board
Bankee P. Kwan
Chairman

Hong Kong, 26 March 2014

Directors' Report

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 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the year consisted of (a) the financial services business carried out via CFSG (stock code: 510) that includes online and traditional brokerage of securities, futures and options contracts as well as mutual funds and insurance-linked investment products, margin financing, money lending and corporate finance services; (b) sales of furniture and household items and electrical appliances through the chain stores under the brand names of "Pricerite" in Hong Kong and "生活經艷" (translated as Sheng Huo Jing Yan) in the PRC; (c) provision of mobile internet (to include content, operations and distribution activities) services and online game (sales of online game auxillary products and licensing) services; and (d) investment holding.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

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 2013 is set out on pages 148 to 149 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 18 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 35 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.

As at 31 December 2013, the reserves of the Company available for distribution to Shareholders were approximately HK$10,452,000, comprising contributed surplus of HK$149,719,000 and accumulated loss of HK$139,267,000. And the Company's share premium available for distribution in the form of fully paid bonus shares was HK$508,308,000.

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 TRANSACTION

Margin Financing Arrangement

As disclosed in CFSG's announcement dated 14 December 2012, Celestial Securities (a wholly-owned subsidiary of CFSG) entered into margin financing agreements all dated 14 December 2012 with each of the connected clients, namely Mr Kwan Pak Hoo Bankee, Mr Law Ping Wah Bernard, Mr Chan Chi Ming Benson, Ms Cheng Pui Lai Majone, Mr Cheng Man Pan Ben, Dr Chan Yau Ching Bob, Mr Ng Kung Chit Raymond, Cash Guardian, Libra Capital Management (HK) Limited and Cashflow Credit Limited. Pursuant to which, Celestial Securities granted margin financing facilities to each of 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) for each of the three financial years ending 31 December 2015. Each of the margin financing facility granted to the connected client was a stand alone facility and will not be aggregated. The terms and rates of the margin financing agreements are in line with the rates offered by Celestial Securities to other independent margin clients. The margin financing facilities are repayable on demand and secured by listed securities held by the respective connected clients.

CFSG was accounted for an associated company of the Company as at the date of the above margin financing agreements. On 21 March 2013, CFSG was accounted for and became a subsidiary of the Company due to early adoption of the new and revised HKFRS 10 by the Company. As at the date of adoption of the HKFRS 10, (i) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard were executive directors of the Company and CFSG; (ii) Mr Chan Chi Ming Benson, Ms Cheng Pui Lai Majone and Mr Cheng Man Pan Ben were executive Directors of CFSG; (iii) Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond were directors of subsidiaries of the Group and executive directors of the Company; (iv) Cash Guardian was a controlled corporation and an associate of Mr Kwan Pak Hoo Bankee; (v) Libra Capital Management (HK) Limited and Cashflow Credit Limited were wholly-owned subsidiaries of the Company. All of the connected clients (save as Libra Capital Management (HK) Limited and Cashflow Credit Limited) were either substantial Shareholder and/or directors of the Group and/or their respective associates, and were connected persons of the Company (as defined under the Listing Rules). Upon CFSG becoming a subsidiary of the Group, the provision of the margin financing arrangement by Celestial Securities (becoming a subsidiary of the Group) to each of the above-mentioned connected clients constituted continuing connected transaction relating to financial assistance for the Company under Chapter 14A of the Listing Rules.

As each of the margin financing facilities on an annual basis to be granted would exceed 5% of the applicable percentage ratios of the Company under the Listing Rules and HK$10,000,000, the financial assistance to be provided by Celestial Securities to the connected clients was subject to all applicable reporting, annual review and disclosure requirements in respect of such continuing connected transaction by the Company in accordance with Rule 14A.41 of the Listing Rules.

The margin financing arrangement has been approved by the independent shareholders of CFSG at its special general meeting held on 22 January 2013. Details of the margin financing arrangement were disclosed in the Company's announcement dated 21 March 2013.

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 26 to the consolidated financial statements. The commission and interest income received from the connected clients during the year under review are disclosed in note 45 to the consolidated financial statements.

DIRECTORS' REPORT

The aforesaid continuing connected transaction of the Company has been reviewed by the INEDs. The INEDs have confirmed that the continuing connected transaction 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 relevant agreements governing it on terms that is fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the aforesaid Group's continuing connected transaction of the Company 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. Based on the work performed, the auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed above that (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 transaction; and (d) has not exceeded the relevant cap amount for the financial year ended 31 December 2013 as set out in the announcement as disclosed above.

RELATED PARTIES TRANSACTIONS

The Group has entered into related parties transactions under the applicable accounting standards as disclosed in note 45 to the consolidated financial statements. Such related party transactions were either (i) not connected transaction of the Group; or (ii) related to the continuing connected transactions of the Group as disclosed in the above section. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the related party transactions of the Group during the year.

RAISING OF FUNDS AND USE OF PROCEEDS

On 23 April 2013, the Company announced a proposed 2-for-1 rights issue at a subscription price of HK$0.30 per share to raise approximately HK$55.4 million. The net proceeds of approximately HK$53.5 million were used as to (i) approximately HK$24.4 million to replenish the working capital which were used in the cash offer to acquire shares in CRMG (details are set out in under the heading "Material Acquisitions and Disposals" on page 11 of this annual report); and (ii) the balance of approximately HK$29.1 million as general working capital of the Group. Details of the rights issue are set out in the announcement of the Company dated 23 April 2013 and the prospectus dated 21 May 2013. Save as disclosed herein, the Company did not have any other fund raising activity during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

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
Tsui Wing Cheong Sammy (was appointed on 7 October 2013)
Law Ping Wah Bernard
Ng Hin Sing Derek (was appointed on 5 August 2013)
Ng Kung Chit Raymond (resigned on 7 October 2013)
Chan Yau Ching Bob (resigned on 5 August 2013)

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;

(ii) Mr Tsui Wing Cheong Sammy and Mr Ng Hin Sing Derek, being newly appointed EDs, shall retire at the annual general meeting of the Company in accordance with the bye-laws of the Company; and

(iii) 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' INTERESTS IN CONTRACTS

Save as the margin financing arrangement as disclosed under the heading of "Continuing Connected Transaction" in this section above, no Director had a materially interested in, either directly or indirectly, any contract of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the financial year under review.

RETIREMENT BENEFITS SCHEMES

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2013, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) as 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**	**Corporate interest**	**Shareholding** (%)
Kwan Pak Hoo Bankee	Beneficial owner and interested in a controlled corporation	2,840,000	176,805,205*	32.42
Law Ping Wah Bernard	Beneficial owner	18,230,208	—	3.29
		21,070,208	176,805,205	35.71

* 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

Options under share option scheme

Name	Date of grant	Option period	Exercise price per Share (HK$)	Notes	Number of options: outstanding as at 1 January 2013	adjusted during the year (Note (3))	reallocated upon change of directorate (Note (4))	granted during the year (Notes (6) & (7))	outstanding as at 31 December 2013	Percentage to issued Shares as at 31 December 2013 (%)
Kwan Pak Hoo Bankee	11/10/2012	11/10/2012–31/10/2014	0.6240	(1) & (2) (ii)	3,600,000	450,000	—	—	4,050,000	0.73
Tsui Wing Cheong Sammy	7/10/2013	7/10/2013–31/10/2015	0.4800	(2) (i) & (ii) & (5)	—	—	—	5,500,000	5,500,000	0.99
Law Ping Wah Bernard	11/10/2012	11/10/2012–31/10/2014	0.6240	(2) (ii)	3,600,000	450,000	—	—	4,050,000	0.73
Ng Hin Sing Derek	11/10/2012	11/10/2012–31/10/2014	0.6240	(2) (ii) & (4)	N/A	N/A	2,250,000	—	2,250,000	0.40
Ng Kung Chit Raymond	11/10/2012	11/10/2012–31/10/2014	0.6240	(2) (ii) & (4)	2,000,000	250,000	(2,250,000)	N/A	N/A	N/A
Chan Yau Ching Bob	11/10/2012	11/10/2012–31/10/2014	0.6240	(2) (ii) & (4)	3,600,000	450,000	(4,050,000)	N/A	N/A	N/A
					12,800,000	1,600,000	(4,050,000)	5,500,000	15,850,000	2.85

Notes:

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

(2) (i) The options shall be exercisable after three months from the date of grant.

(ii) The vesting of certain options is subject to achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(3) The exercise price and the number of share options have been adjusted due to 2-for-1 rights issue of the Company during the year. The exercise price per share was adjusted from HK$0.7020 to HK$0.6240.

(4) The reallocation of options was due to the resignation of Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond and the appointment of Mr Ng Hin Sing Derek as directors of the Company during the year.

(5) Mr Tsui Wing Cheong Sammy was appointed as Director of the Company on 7 October 2013.

(6) The closing price of the Share immediately before the date of grant of options on 7 October 2013 was HK$0.4600.

(7) The value of the options granted during the year ended 31 December 2013 was zero as the performance targets set for the options had not been achieved by the end of the year under review.

(8) No option was exercised, lapsed or cancelled during the year.

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

B. Associated corporations (within the meaning of SFO)

(i) CFSG

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

Name	Capacity	Number of shares: Personal	Number of shares: Corporate interest	Shareholding
				(%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	—	1,725,160,589*	44.48
Law Ping Wah Bernard	Beneficial owner	27,506,160	—	0.70
Ng Hin Sing Derek	Beneficial owner	66	—	0.00
		27,506,226	1,725,160,589	45.18

* The shares were held as to 1,657,801,069 shares by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by the Company), and as to 67,359,520 shares by Cash Guardian. The Company was beneficially owned as to approximately 32.42% by Mr Kwan Pak Hoo Bankee, and Cash Guardian was 100% beneficially owned by Mr Kwan Pak Hoo Bankee, details of which were disclosed in the "Substantial Shareholders" below. Pursuant to the SFO, Mr Kwan Pak Hoo Bankee was deemed to be interested in all the shares held by CIGL and Cash Guardian in CFSG.

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

Name	Date of grant	Option period	Exercise price per share	Notes	Number of options: outstanding as at 1 January 2013	Number of options: reallocated upon change of directorate	Number of options: outstanding as at 31 December 2013	Percentage to issued shares as at 31 December 2013
			(HK$)			(Note (3))		(%)
Kwan Pak Hoo Bankee	11/10/2012	11/10/2012–31/10/2014	0.0930	(1) & (2)	39,000,000	—	39,000,000	1.01
Law Ping Wah Bernard	11/10/2012	11/10/2012–31/10/2014	0.0930	(2)	39,000,000	—	39,000,000	1.01
Ng Hin Sing Derek	11/10/2012	11/10/2012–31/10/2014	0.0930	(2)	N/A	20,000,000	20,000,000	0.52
Ng Kung Chit Raymond	11/10/2012	11/10/2012–31/10/2014	0.0930	(2)	20,000,000	(20,000,000)	N/A	N/A
Chan Yau Ching Bob	11/10/2012	11/10/2012–31/10/2014	0.0930	(2)	39,000,000	(39,000,000)	N/A	N/A
					137,000,000	(39,000,000)	98,000,000	2.54

Notes:

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

(2) The vesting of the options is subject to the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(3) The reallocation of options was due to the resignation of Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond and the appointment of Mr Ng Hin Sing Derek as directors of the Company during the year.

(ii) CRMG

Long positions in the ordinary shares of HK$0.001 each

Name	**Capacity**	**Number of shares**	**Shareholding** (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	3,528,047,334	90.98

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

Save as disclosed above, as at 31 December 2013, 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).

SHARE OPTION SCHEMES

(A) The Company

The New Share Option Scheme was adopted pursuant to an ordinary resolution passed at the AGM held on 21 May 2012. Particulars of the terms of the New Share Option Scheme are set out in note 43(A) to the consolidated financial statements.

Details of the movements in the share options to subscribe for Shares granted under the New Share Options Scheme during the year are set out below:

					Number of options				
Name of scheme	**Date of grant**	**Option period**	**Exercise price per share** (HK$)	**Notes**	**outstanding as at 1 January 2013**	**adjusted during the year** (Note (4))	**reallocated upon change of directorate** (Note (5))	**granted during the year** (Notes (6) & (7))	**outstanding as at 31 December 2013**
Directors									
The New Share Option Scheme	11/10/2012	11/10/2012–30/10/2014	0.6240	(1) & (2) (ii)	12,800,000	1,600,000	(4,050,000)	—	10,350,000
	7/10/2013	7/10/2013–31/10/2015	0.4800	(1), (2) (i) & (ii)	—	—	—	5,500,000	5,500,000
					12,800,000	1,600,000	(4,050,000)	5,500,000	15,850,000
Employees									
The New Share Option Scheme	11/10/2012	11/10/2012–30/10/2014	0.6240	(2) (ii)	8,000,000	1,000,000	4,050,000	—	13,050,000
Consultants									
The New Share Option Scheme	11/10/2012	11/10/2012–30/10/2014	0.6240	(3)	9,000,000	1,116,000	—	—	10,116,000
					29,800,000	3,716,000	—	5,500,000	39,016,000

Notes:

(1) Details of the options granted to the directors are set out in the section headed "Directors' Interests in Securities".

(2) (i) The options shall be exercisable after three months from the date of grant.

(ii) The vesting of certain options is subject to achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board. The options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(3) The 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.

(4) The exercise price and the number of share options have been adjusted due to 2-for-1 rights issue of the Company during the year. The exercise price per share was adjusted from HK$0.7020 to HK$0.6240.

(5) The reallocation of options was due to the resignation of Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond and the appointment of Mr Ng Hin Sing Derek as directors of the Company during the year.

(6) The closing price of the Share immediately before the date of grant of option on 7 October 2013 was HK$0.4600.

(7) The value of the options granted during the year ended 31 December 2013 was zero as the performance targets set for the options had not been achieved by the end of the year under review.

(8) No option was exercised, lapsed or cancelled during the year.

(B) The subsidiary

(i) CFSG

The CFSG Share 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. Particulars of the terms of the CFSG Share Option Scheme are set out in note 43(B) to the consolidated financial statements.

Details of the movements in the share options to subscribe for shares of HK$0.02 each in CFSG granted under the CFSG Share Option Scheme during the year are set out below:

Name of scheme	Date of grant	Option period	Exercise price per share (HK$)	Notes	Number of options: outstanding as at 1 January 2013	lapsed during the year (Note (4))	reallocated upon change of directorate (Note (5))	outstanding as at 31 December 2013
Directors								
CFSG Share Option Scheme	11/10/2012	11/10/2012–31/10/2014	0.0930	(1)&(3)(iv)	137,000,000	—	(39,000,000)	98,000,000
Employees and consultants								
CFSG Share Option Scheme	15/6/2009	15/6/2009–30/6/2013	0.1335	(2)(A)(i)	49,500,000	(49,500,000)	—	—
		15/6/2009–30/6/2013	0.1335	(2)(A)(ii)	42,900,000	(42,900,000)	—	—
	22/6/2009	22/6/2009–30/6/2013	0.1309	(3)(i)	82,500,000	(82,500,000)	—	—
	15/10/2010	15/10/2010–31/10/2013	0.2764	(2)(B)(i)	13,750,000	(13,750,000)	—	—
		15/10/2010–31/10/2013	0.2764	(2)(B)(ii) &(3)(ii)	5,500,000	(5,500,000)	—	—
	1/2/2011	1/2/2011–31/12/2013	0.4318	(3)(i)&(iii)	77,000,000	(77,000,000)	—	—
	11/10/2012	11/10/2012–31/10/2014	0.0930	3(iv)	177,000,000	(39,000,000)	39,000,000	177,000,000
					448,150,000	(310,150,000)	39,000,000	177,000,000
					585,150,000	(310,150,000)	—	275,000,000

Notes:

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

(2) The options are vested in the following tranches:

(A) Options granted on 15 June 2009

(i) 2 tranches as to (a) 50% exercisable from 15 December 2009 up to 30 June 2013; and (b) 50% exercisable from 15 June 2010 up to 30 June 2013; or

(ii) 3 tranches as to (a) 30% exercisable from 15 June 2010 up to 30 June 2013; (b) 30% exercisable from 15 June 2011 up to 30 June 2013; and (c) 40% exercisable from 15 June 2012 up to 30 June 2013.

(B) Options granted on 15 October 2010

(i) 3 tranches as to (a) 20% exercisable from 15 October 2010 up to 31 October 2013; (b) 30% exercisable from 15 October 2011 up to 31 October 2013; and (c) 50% exercisable from 15 October 2012 up to 31 October 2013; or

(ii) 2 tranches as to (a) 50% exercisable from 1 January 2011 up to 31 October 2012; and (b) 50% exercisable from 1 January 2012 up to 31 October 2013.

(3) The vesting of certain options is subject to:

(i) provision of satisfactory services as determined at the sole discretion of the Board; or

(ii) the grantee having been with members of the Group for 14 months from the date of grant; or

(iii) within 7 days upon completion of services as determined at the sole discretion of the Board; or

(iv) the achievement of agreed milestones/performance indicators as determined at the sole discretion of the Board and the options must be exercised within one month from the date on which the Board's approval of the vesting of the options.

(4) The lapsed options were due to expiry of the options or resignation of employee with members of the Group.

(5) The reallocation of options was due to the resignation of Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond and the appointment of Mr Ng Hin Sing Derek as directors of the Company during the year.

(6) No option was granted, exercised or cancelled during the year.

(ii) 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(C) to the consolidated financial statements. No option has been granted under the share option scheme of Netfield since the adoption of the scheme.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, 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, or were deemed or taken to have an interest or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Name	Capacity	Number of Shares	Shareholding (%)
Hobart Assets Limited (Note (1))	Interest in a controlled corporation	176,805,205	31.91
Cash Guardian (Note (1))	Interest in a controlled corporation	176,805,205	31.91

Notes:

(1) 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 and Hobart Assets Limited were deemed to be interested in the Shares held by Cash Guardian.

(2) Mr Kwan Pak Hoo Bankee (a Director whose interests is not shown in the above table) was interested and/or deemed be interested in a total of 179,645,205 Shares (32.42%), which were held as to 176,805,205 Shares by Cash Guardian and as to 2,840,000 Shares in his personal name. Detail of his interest is set out in the section "Directors Interests in Securities" above.

Save as disclosed above, as at 31 December 2013, the Directors and chief executives of the Company were not aware of any other parties or corporation (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2013, 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.

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 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

Hong Kong, 26 March 2014

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 50 to 146, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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, 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.

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 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	7	**1,306,493**	1,290,314
Cost of inventories and services		**(652,250)**	(653,531)
Other income	9	**14,123**	11,510
Other gains and losses	10	**64,525**	84,514
Salaries, allowances and commission	11	**(303,442)**	(306,283)
Other operating, administrative and selling expenses		**(451,269)**	(452,609)
Depreciation of property and equipment		**(43,872)**	(64,407)
Amortisation of intangible assets		**(5,757)**	(26,428)
Finance costs	12	**(18,096)**	(16,383)
Fair value change on investment properties		**(5,083)**	(17,068)
Share of results of an associate	23	**(9)**	14,045
Impairment loss recognised in respect of goodwill	20	**—**	(83,361)
Impairment loss recognised in respect of intangible assets	21	**(37,631)**	(24,000)
Loss before taxation		**(132,268)**	(243,687)
Income tax credit (expense)	14	**3,903**	(8,769)
Loss for the year	15	**(128,365)**	(252,456)
Other comprehensive income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**4,969**	492
Total comprehensive expense for the year		**(123,396)**	(251,964)
Loss for the year attributable to:			
Owners of the Company		**(87,835)**	(228,552)
Non-controlling interests		**(40,530)**	(23,904)
		(128,365)	(252,456)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(85,311)**	(228,060)
Non-controlling interests		**(38,085)**	(23,904)
		(123,396)	(251,964)
			(restated)
Basic and diluted loss per share (HK cents)	16	**(17.84)**	(54.99)

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property and equipment	18	**60,600**	84,297
Investment properties	19	**57,112**	68,832
Goodwill	20	**62,710**	62,710
Intangible assets	21	**53,212**	96,600
Interest in an associate	23	**158,154**	152,939
Available-for-sale financial assets	24	**24,531**	—
Rental and utilities deposits		**40,638**	34,091
Other assets	25	**34,052**	37,020
Loan to an associate	23	**—**	10,296
Loans receivable	27	**1,480**	—
Deferred tax assets	14	**7,200**	6,700
		499,689	553,485
Current assets			
Inventories — finished goods held for sale		**53,242**	56,847
Accounts receivable	26	**608,696**	920,627
Loans receivable	27	**23,951**	61,496
Loan to an associate	23	**10,296**	—
Other assets	25	**29,084**	—
Prepayments, deposits and other receivables	30	**70,973**	43,351
Tax recoverable		**6,400**	3,536
Investments held for trading	28	**55,027**	123,206
Bank deposits subject to conditions	29	**90,555**	90,555
Bank balances — trust and segregated accounts	30	**784,704**	782,293
Bank balances (general accounts) and cash	30	**279,450**	331,891
		2,012,378	2,413,802
Assets classified as held for sale	40	**—**	66,000
		2,012,378	2,479,802
Current liabilities			
Accounts payable	31	**1,197,530**	1,591,375
Financial liabilities at fair value through profit or loss	39	**19,701**	—
Deferred revenue		**—**	37
Accrued liabilities and other payables	32	**128,210**	110,339
Taxation payable		**7,410**	14,046
Obligations under finance leases — amount due within one year	33	**54**	906
Borrowings — amount due within one year	34	**436,116**	491,121
Loan from a non-controlling shareholder of a subsidiary	32	**27,437**	27,437
		1,816,458	2,235,261
Net current assets		**195,920**	244,541
Total assets less current liabilities		**695,609**	798,026

Consolidated Statement of Financial Position (continued)

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Capital and reserves			
Share capital	35	**55,415**	36,943
Reserves		**301,843**	332,530
Equity attributable to owners of the Company		**357,258**	369,473
Non-controlling interests	38	**307,558**	386,035
Total equity		**664,816**	755,508
Non-current liabilities			
Deferred tax liabilities	14	**8,218**	16,137
Obligations under finance leases — amount due after one year	33	**—**	50
Borrowings — amount due after one year	34	**22,575**	26,331
		30,793	42,518
		695,609	798,026

The consolidated financial statements on pages 50 to 146 were approved and authorised for issue by the Board of Directors on 26 March 2014 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 2013

		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 37)	**Share option reserve** HK$'000	**Revaluation reserve** HK$'000 (Note (e))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000 (Note 38)	**Total** HK$'000
At 1 January 2012		36,943	475,872	88,926	1,160	35,624	10,421	9,964	11,164	(84,713)	585,361	428,348	1,013,709
Loss for the year		—	—	—	—	—	—	—	—	(228,552)	(228,552)	(23,904)	(252,456)
Other comprehensive income for the year		—	—	—	—	—	492	—	—	—	492	—	492
Total comprehensive income (expense) for the year		—	—	—	—	—	492	—	—	(228,552)	(228,060)	(23,904)	(251,964)
Share-based payments of CFSG's share options		—	—	—	—	—	—	—	—	—	—	562	562
Transfer to accumulated losses upon expiration of CFSG's share options		—	—	—	—	—	—	—	—	8,936	8,936	(8,936)	—
Transfer to accumulated losses upon expiration of share options		—	—	—	—	—	—	(9,964)	—	9,964	—	—	—
Dividends paid by CFSG		—	—	—	—	—	—	—	—	—	—	(4,250)	(4,250)
Change in shareholding in subsidiaries without losing control	(d)	—	—	—	—	3,236	—	—	—	—	3,236	(5,785)	(2,549)
At 31 December 2012		36,943	475,872	88,926	1,160	38,860	10,913	—	11,164	(294,365)	369,473	386,035	755,508
Loss for the year		—	—	—	—	—	—	—	—	(87,835)	(87,835)	(40,530)	(128,365)
Other comprehensive income for the year		—	—	—	—	—	2,524	—	—	—	2,524	2,445	4,969
Total comprehensive income (expense) for the year		—	—	—	—	—	2,524	—	—	(87,835)	(85,311)	(38,085)	(123,396)
Transfer to accumulated losses upon expiration of CFSG's share options		—	—	—	—	—	—	—	—	3,340	3,340	(3,340)	—
Issue of new shares		18,472	36,943	—	—	—	—	—	—	—	55,415	—	55,415
Transaction costs attributable to issue of new shares		—	(2,138)	—	—	—	—	—	—	—	(2,138)	—	(2,138)
Change in shareholding in subsidiaries without losing control	(d)	—	—	—	—	16,479	—	—	—	—	16,479	(37,052)	(20,573)
At 31 December 2013		**55,415**	**510,677**	**88,926**	**1,160**	**55,339**	**13,437**	**—**	**11,164**	**(378,860)**	**357,258**	**307,558**	**664,816**

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2013

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 and the effect arising from the change in the Group's ownership interest in existing subsidiaries without losing control.

   Movement of other reserves in 2012 and 2013 arose from the effect due to changes in the Group's ownership interests in existing subsidiaries without losing control. Details of change in shareholding in subsidiaries without losing control during the year ended 31 December 2013 are disclosed in note 36.

(e) As at 31 December 2013 and 2012, revaluation reserve of HK$11,164,000 represented the adjustment.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Operating activities		
Loss before taxation	**(132,268)**	(243,687)
Adjustments for:		
Allowance on bad and doubtful loans receivable	**1,000**	9,700
Write back of bad debt on accounts receivable	**(2,048)**	(3)
Amortisation of intangible assets	**5,757**	26,428
Depreciation of property and equipment	**43,872**	64,407
Share-based payments	**—**	562
Write-down on inventories	**4,548**	5,348
Impairment loss recognised in respect of goodwill	**—**	83,361
Impairment loss on property and equipment	**—**	4,664
Impairment loss on intangible assets	**37,631**	24,000
Fair value change on investment property	**5,083**	17,068
Interest expense	**18,096**	16,383
Loss on disposal/written-off of property and equipment	**7,123**	615
Share of results of an associate	**9**	(14,045)
Operating cashflow before movements in working capital	**(11,197)**	(5,199)
Increase in inventories	**(943)**	(2,586)
Decrease (increase) in accounts receivable	**313,979**	(105,594)
Decrease (increase) in loans receivable	**35,065**	(26,704)
(Increase) decrease in prepayments, deposits and other receivables	**(4,043)**	4,732
Decrease (increase) in listed investments held for trading	**58,595**	(96,245)
Increase in bank balances — trust and segregated accounts	**(2,411)**	(87,768)
(Decrease) increase in accounts payable	**(393,845)**	204,712
Decrease in deferred revenue	**(37)**	(1,591)
Decrease in accrued liabilities and other payables	**(9,684)**	(56,303)
Increase in financial liabilities at fair value through profit or loss	**19,701**	—
Net cash generated from (used in) operations	**5,180**	(172,546)
Income taxes paid	**(14,016)**	(5,480)
Net cash used in operating activities	**(8,836)**	(178,026)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Investing activities			
Settlement on consolidation receivable on disposal of subsidiaries		**—**	17,296
Increase in bank deposits under conditions		**—**	(10,515)
Proceeds from disposal of property and equipment		**150**	472
Purchase of property and equipment		**(27,439)**	(29,476)
Statutory and other deposits paid		**(2,705)**	(6,529)
Deposit paid for purchase of properties		**(23,411)**	(23,014)
Proceeds from disposal of assets classified as held for sale		**66,000**	—
Development costs paid		**—**	(6,000)
Proceeds from disposal of investment properties		**7,986**	27,126
Settlement of consideration on disposals of investment properties in prior year		**6,458**	—
Acquisition of available-for-sale financial assets		**(24,531)**	—
Net cash from (used in) investing activities		**2,508**	(30,640)
Financing activities			
Purchase of additional interests in subsidiaries	36	**(20,573)**	—
(Decrease) increase in borrowings		**(58,761)**	69,355
Repayments of obligations under finance leases		**(902)**	(906)
Dividends paid to non-controlling shareholders of CFSG		**—**	(4,250)
Interest paid on obligations under finance leases		**(19)**	(53)
Interest paid on borrowings		**(18,077)**	(16,330)
Payment on repurchase of shares by CFSG		**—**	(2,549)
Proceeds on right issue of shares		**55,415**	—
Share issue expenses		**(2,138)**	—
Net cash (used in) from financing activities		**(45,055)**	45,267
Net decrease in cash and cash equivalents		**(51,383)**	(163,399)
Cash and cash equivalents at beginning of year		**331,891**	495,188
Effect of foreign exchange rate changes		**(1,058)**	102
Cash and cash equivalents at end of year		**279,450**	331,891
Being:			
Bank balances and cash		**279,450**	331,891

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 (the "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.

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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs that become effective for the year

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle (except for Amendments to HKAS 1 which have been early adopted in the preceding financial year)
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine

HKFRSs that have been early applied for the year

Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets

Except as described below, the application of the above HKFRSs in the current year has had no material effect on the Group's financial performance and financial positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 7 Disclosures — Offsetting financial assets and financial liabilities

The Group has applied the amendments to HKFRS 7 "Disclosures — Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 "Financial instruments: Presentation"; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's financial assets and financial liabilities that are subject to enforceable master arrangement or similar agreement such as accounts receivable, accounts payable, financial liabilities at fair value through profit or loss and deposits with clearing houses. Detailed disclosures are set out in note 6.

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

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (please see note 6 and note 19 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 36 Recoverable amount disclosures for non-current financial assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU for which an impairment loss has been recognised or reversed was determined based on its fair value less costs of disposal. The Group applied the amendments to HKAS 36 in advance of the effective date for the Group's financial year commencing on 1 January 2014, accordingly, the recoverable amounts of financial services and retailing CGU (containing goodwill and intangible assets (including trading rights and trademarks) had not been disclosed in these consolidated financial statements.

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

Amendments to HKAS 36 Recoverable amount disclosures for non-current financial assets (continued)

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.

Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[3]
Amendments to HKAS 19	Defined benefit plans: Employees contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
HK(IFRIC) — INT 21	Levies[1]

1 Effective for accounting periods beginning on or after 1 January 2014.

2 Effective for accounting periods beginning on or after 1 July 2014.

3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for accounting periods beginning on or after 1 July 2014, with limited exceptions.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at 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 reporting periods. In addition, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The Directors of the Company anticipate that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets, in particular, the Group's unlisted shares in the Hong Kong that are currently classified as available-for-sale investments and measured at cost less impairment at the end of each reporting period may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss.

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 investment properties 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 for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. For non-financial assets, the Group takes into account the Group's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another parties that would use the asset in its highest and best use.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the proportionate share of net assets attributable to the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 profit or loss and other 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.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate 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 associate. 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.

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 of disposal) 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.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale (continued)

Immediately before the initial classification as held for sale, the non-current assets are measured in accordance with applicable HKFRSs. Subsequent to classification, non-current assets that are within the scope of the measurement requirements of HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured at the lower of their previous carrying amount and fair value less costs to sell.

On disposal of the non-current assets, any gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the non-current assets) is included in the profit or loss in the period in which the assets are disposed of.

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 or income 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 and 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 from the sale of goods arising from retailing business is recognised when the goods are delivered and titles have passed.

Revenue arising from the online game services is 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.

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

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 under the heading of the translation reserve.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 recognised as an expense when employees have rendered service entitling them to the contributions.

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 loss before taxation as reported in the consolidated statement of profit or loss and other 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and 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 current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property and equipment

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 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. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 values using the fair value model. Gains or losses arising from changes in the fair value of investment properties 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. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately 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).

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

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).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

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 with finite useful lives 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

A financial asset and a financial liability is offset and the net amount presented in the consolidated statement of financial position when, and only when the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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"), loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on nature and purpose of financial assets and is determined at the time of initial recognition. 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.

Income is recognised on an effective interest basis for loans and receivables.

Financial assets at fair value through profit or loss

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 represent those held for trading. Subsequent to initial recognition, 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 excludes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's rights to received the dividends is established.

AFS 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 investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of 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).

Impairment of financial assets

Financial assets, other than those 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, the estimated future cash flows have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of that investment below its costs is considered to be objective evidence of impairment.

For loans and receivables, 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.

For certain categories of loans and receivables, such as loans receivable and accounts receivable arising from the business of dealing in securities and equity options with margin clients, amounts 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised costs, the amount of impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, including those AFS equity investment, 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 assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of accounts receivable and loans receivable 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 a debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

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

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading on initial recognition.

Obligations to deliver financial assets borrowed by the Group arising from short selling are classified as financial liabilities held for trading.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 6.

Other financial liabilities

Other financial liabilities (including accounts payable, accrued liabilities and other payables, borrowings and loan from a non-controlling shareholder of a subsidiary) are subsequently measured at amortised cost using the effective interest method.

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.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Share options granted to employees of the Group for their services to the Group

The fair value of services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of share options granted at the grant date without taking into account any service and non-market performance vesting conditions. Services and non-market performance vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, 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 share options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

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

In case of share options granted by a subsidiary, the share option reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium of that subsidiary. The Group accounts for the dilution as an equity transaction in accordance with HKFRS 10 "Consolidated Financial Statements" if the exercise of share options does not constitute a loss of the Group's control over the subsidiary. 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 retained profits of the Group and non-controlling interests' share of net assets of that subsidiary according to the proportion of interests held by the Group and non-controlling shareholders on consolidation.

Share options granted to consultants

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Control over CFSG

As disclosed in note 47, CFSG is considered as a subsidiary of the Group although the Group's shareholding of CFSG remained at 42.75% during the year ended 31 December 2013. The Directors of the Company assessed whether the Group has control over CFSG based on whether the Group has the practical ability to direct the relevant activities of CFSG unilaterally. In making their judgement, the Directors of the Company considered the Group's dominant voting interest relative to the size and dispersion of holdings of the other vote holders, rights arising from other contractual arrangements, participation rates of shareholders and voting patterns in previous shareholders' meetings and concluded that the Group did not lose control over CFSG despite its voting rights has been less than 50% and that CFSG qualified as a subsidiary of the Group under HKFRS 10 for the years ended 31 December 2013 and 2012.

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 was recognised in the Group's consolidated statement of financial position in relation to the remaining deductible temporary difference and estimated unused tax losses of approximately HK$48,529,000 and HK$826,963,000 respectively (2012: HK$39,235,000 and HK$723,393,000) due to the unpredictability of future profit streams of the group entities. 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 actual future profits generated are more than expected, future recognition of deferred tax assets in relation to deductible temporary differences and unutilised tax losses may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

Estimated impairment of goodwill, intangible assets and property and equipment

Assessing impairment requires estimation of recoverable amounts of relevant intangible assets and property and equipment or the respective cash generating units ("CGU") in which the goodwill, intangible assets and property and equipment belong, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or CGU and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset or CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise. Details of the recoverable amount calculation of assets or CGU are disclosed in notes 21 and 22.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of accounts receivable from a broker

As described in note 26, the Directors of the Company, based on the best information available as at 31 December 2013, assessed the provision for estimated compensation on potential uncollectable amount of an account balance held on behalf of its client of HK$15,368,000 (2012: HK$30,363,000) maintained in MF Global Hong Kong Limited ("MFG HK") which is subject to liquidation. The Directors of the Company are of the view that the Group will recover the carrying amount at the end of the reporting period. In cases where the development of this matter suggests outcome is worse than expected, an impairment may be recognised in the consolidated statement of profit or loss and other comprehensive income for the period when such event takes place.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability, ageing analysis of accounts, the values of underlying collateral and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of those clients in default of settlement. If the financial conditions of debtors and their ability to make payments worsen, additional allowance may be required. As at 31 December 2013, the aggregate carrying amount of accounts receivable and loans receivable, net of allowance for bad and doubtful debts, are HK$608,696,000 and HK$25,431,000 (2012: HK$920,627,000 and HK$61,496,000) respectively.

5. 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 34 and equity attributable to owners of the Company, comprising issued share capital disclosed in note 35, reserves and accumulated losses 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.

Certain group entities are regulated by the Hong Kong Securities and Futures Commission ("SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout both years.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Investment held for trading	**55,027**	123,206
Available-for-sale financial assets	**24,531**	—
Loans and receivables (including cash and cash equivalents)	**1,855,143**	2,209,627
Financial liabilities		
Amortised cost	**1,811,868**	2,246,603
Financial liabilities at fair value through profit or loss	**19,701**	—

Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable and payable, deposits and other receivables, investments in equity and debt securities and investment funds, bank balances and deposits, loan to an associate, loans receivable, loan from a non-controlling shareholder of a subsidiary, accrued liabilities and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Price risk

The Group has a portfolio of held-for-trading investments in equity securities and financial liabilities at FVTPL (2012: equity securities, debt securities and investment fund) which are carried at fair value and is exposed the Group to price risk. As at 31 December 2012, the Group's exposure to price risk for debt securities includes changes in the credit spreads and market interest rates. In both years, the Directors of the Company manage the exposure by closely monitoring the portfolio of equity and debt securities and investment fund, and imposing trading limits on individual trades. As at 31 December 2012, no sensitivity analysis on price risk arising from investments in debt securities relating to credit spread of debt securities has been presented as the Directors of the Company did not expect the significant fluctuation.

In addition, the Group is exposed to equity price risk as a result of changes in fair value of its unlisted equity investments and investments in derivatives. The Directors of the Company manage the exposure in derivatives by closing all the open position of derivatives and imposing trading limits on daily basis. No sensitivity analysis on equity price risk arising from (i) investments in derivatives has been presented as the Group did not hold any derivatives as at 31 December 2013 and 31 December 2012; and (ii) unlisted equity investments because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that fair value cannot be measured reliably.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. The analysis is prepared assuming the listed equity investments and financial liabilities at FVTPL (2012: listed equity instruments and unlisted investment fund) outstanding at the end of reporting period were outstanding for the whole year.

As at 31 December 2013, if the quoted prices of the Group's listed equity investments (2012: equity investments and unlisted investment fund) had been 15 percent (2012: 15 percent) higher/lower, the Group's loss before taxation would decrease/increase by approximately HK$5,299,000 (2012: HK$12,370,000). This is mainly attributable to the changes in fair values of the listed equity investments held for trading and financial liabilities at FVTPL (2012: listed equity investment and unlisted investment fund held for trading).

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

Interest rate risk

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans receivable, fixed-rate other borrowings for both years and debt securities as at 31 December 2012. The price of the investments in debt securities which are classified as financial assets held for trading as at 31 December 2012 is affected by the change in market interest rate. The Group currently does not have a fair value hedging policy.

The sensitivity analysis below has been determined based on the exposure to interest rate from the investments in debt securities at 31 December 2012 and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. At 31 December 2012, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before taxation for the year ended 31 December 2012 would increase/decrease by approximately HK562,000 (2013: nil).

Cash flow interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, loans receivable, loans to margin clients and bank balances. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group. A 50 basis points (2012: 50 basis points) change is used and represents management's assessment of the reasonably possible change in interest rates.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Cash flow interest rate risk (continued)

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 for both years. As at 31 December 2013, if the interest rate had been 50 basis points (2012: 50 basis points) higher/lower and all other variables were held constant, the Group's loss before taxation would increase/decrease by HK$621,000 (2012: HK$1,021,000). This is mainly attributable to the Group exposure to the Group's exposure to the interest rates on variable-rate bank borrowings, loans receivable and loans to margin clients.

In the opinion of the management, the sensitivity analysis is unrepresentative of the cash flow interest rate risk as the year end exposure does not reflect the exposure during the year.

Foreign currency risk

The group entities have financial assets and liabilities denominated in currencies other than their respective functional currencies. Consequently, the Group is exposed to risks that the exchange rate of functional currencies relative to other currencies may change in a manner that has an adverse effect on the value of the position of the Group's assets denominated in foreign currencies.

The exposure primarily arises from the receivables from foreign brokers, foreign currency deposits with banks, debt securities listed outside Hong Kong, loan from a non-controlling shareholder, and accounts payable to clients denominated in United Stated dollars (''USD'') and Renminbi ("RMB") for both years. The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises. The directors do not expect significant foreign exchange risk arising from USD denominated monetary items in view of the Hong Kong dollar pegged system to the USD.

The carrying amounts of the major foreign currency denominated monetary assets and monetary liabilities of the Group at the reporting date are as follows:

	Liabilities		**Assets**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**49,718**	47,481	**187,786**	298,147
RMB	**1,348**	1,491	**32,469**	110,349

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

As at 31 December 2013, if RMB had strengthened/weakened by 5% (2010: 5%) against HK$ and all other variables were held constant, the Group's loss before taxation would decrease/increase by HK$1,556,000 (2012: HK$5,443,000). Under the pegged exchange rate system, the financial impact in exchange difference between HK$ and USD is considered to be immaterial and therefore no sensitivity analysis has been prepared.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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.

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.

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee is set up by CFSG to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Credit and Risk Management Committee reviews the recoverable amount of accounts receivable and loans receivable as disclosed in notes 26 and 27 respectively on an individual and collective basis 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.

As at 31 December 2012, credit risk arising on debt securities as disclosed in note 28 is mitigated by investing primarily in rated instruments or instruments issued by counterparties of credit ratings of at least BB+ or equivalent as determined by Standard & Poor's, Moody's or Fitch, any exception to which shall be approved by the management of the Group. As at 31 December 2012, over 72% of the debt securities invested by the Group are BB+ or above. As at 31 December 2013, there is no debt securities investment held by the Group.

In respect of the accounts receivable from MFG HK as disclosed in note 26, the Group closely monitors the process of liquidation and the directors regularly contact with the liquidators for the recovery of outstanding amount.

The Group has no significant concentration of credit risk, as the exposure spread over a number of counterparties and customers, except for the loans receivable as disclosed in note 27.

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.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

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.

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

Liquidity tables

The following tables details the Group's remaining contractual maturity for its financial liabilities including financial liabilities at FVTPL. 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 settlement dates.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

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 2013							
Accounts payable	N/A	1,197,530	—	—	—	1,197,530	1,197,530
Financial liabilities at fair value through profit or loss	N/A	19,701	—	—	—	19,701	19,701
Accrued liabilities and other payables	N/A	128,210	—	—	—	128,210	128,210
Borrowings							
— fixed rate	12%	38,481	—	—	—	38,481	38,100
— variable rate	Note	406,550	1,906	5,719	23,420	437,595	420,591
Loan from a non-controlling shareholder of a subsidiary	N/A	27,437	—	—	—	27,437	27,437
Obligations under finance leases	3.35	54	—	—	—	54	54
		1,817,963	1,906	5,719	23,420	1,849,008	1,831,623
At 31 December 2012							
Accounts payable	N/A	1,591,375	—	—	—	1,591,375	1,591,375
Accrued liabilities and other payables	N/A	110,339	—	—	—	110,339	110,339
Borrowings	Note	503,000	2,156	6,468	26,042	537,666	517,452
Loan from a non-controlling shareholder of a subsidiary	N/A	27,437	—	—	—	27,437	27,437
Obligations under finance leases	3.35	926	50	—	—	976	956
		2,233,077	2,206	6,468	26,042	2,267,793	2,247,559

Note: 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.

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

Borrowings 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 carrying amounts of these bank loans amounted to approximately HK$220,633,000 as at 31 December 2013 (2012: HK$236,764,000). 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 borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows amount to approximately HK$222,168,000 as at 31 December 2013 (2012: HK$246,857,000), as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**218,854**	175,969
More than one year but not exceeding two years	**5,313**	39,918
More than two years but not exceeding five years	**—**	11,343
More than five years	**—**	19,627
	224,167	246,857

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

6. FINANCIAL INSTRUMENTS (continued)

Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	**Fair value as at 31 December 2013**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Financial assets			
Equity securities listed in Hong Kong	HK$36,362,000	Level 1	Quoted prices in an active market
Equity securities listed outside listed overseas	HK$18,665,000	Level 1	Quoted prices in an active market
Financial liabilities			
Obligation to deliver equity securities listed outside Hong Kong arising from short selling	HK$19,701,000	Level 2	By reference to quote prices in an active market taking into consideration of dividend and rights arised from underlying shares during short selling period

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2012				
Financial assets at FVTPL				
Investments held for trading				
Equity securities listed in Hong Kong	72,380	–	–	72,380
Equity securities listed outside Hong Kong	4	–	–	4
Debt securities listed in Hong Kong	–	26,749	–	26,749
Debt securities listed outside Hong Kong	13,988	–	–	13,988
Unlisted investment fund	–	10,085	–	10,085
	86,372	36,834	–	123,206

There were no transfers between Level 1 and 2 during both years.

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

6. FINANCIAL INSTRUMENTS (continued)

Financial asset and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that are either:

- offset in the Group's consolidated statements of financial position; or

- not offset in the consolidated statements of financial position as the offsetting criteria are not met.

Under the agreement of Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), and brokers, the Group has a legal enforceable right to set off the money obligations receivable and payable with HKSCC and broker on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

6. FINANCIAL INSTRUMENTS (continued)

Financial asset and financial liabilities offsetting (continued)

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC and brokers they do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

As at 31 December 2013

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Amount due from HKSCC, brokers and brokerage clients	**3,412,435**	**2,986,108**	**426,327**	**(74,916)**	**(287,474)**	**63,937**
Deposits placed with HKSCC	**7,730**	**–**	**7,730**	**–**	**–**	**7,730**

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	collateral pledged	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial liabilities						
Financial liabilities at FVTPL	**19,701**	**—**	**19,701**	**—**	**(10,245)**	**9,456**

6. FINANCIAL INSTRUMENTS (continued)

Financial asset and financial liabilities offsetting (continued)

As at 31 December 2012

	Gross amounts of recognised financial assets after impairment HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position: Financial instruments HK$'000	Related amounts not set off in the consolidated statement of financial position: collateral received HK$'000	Net amount HK$'000
Financial assets						
Amount due from HKSCC, brokers and brokerage clients	3,764,750	3,141,328	623,422	(85,611)	(536,902)	909
Deposits placed with HKSCC	12,526	–	12,526	–	(12,526)	–

Note: The Directors of the Company consider that the net amount of accounts payable to HKSCC, brokers and brokerage clients as at 31 December 2013 presented in the consolidated statement of financial position of HK$742,010,000 (2012: HK$937,104,000) do not expose the Group to significant risk. Accordingly, the relevant offsetting disclosures for accounts payable are not presented.

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statements of financial position, both of which have been disclosed in the above tables, are measured as follows:

- Amounts due from HKSCC, brokers and brokerage clients - amortised cost
- Financial liabilities at FVTPL – fair value
- Deposits placed with HKSCC – amortised costs

The collateral pledged by the Group which is eligible for set off the Group's financial liabilities at FVTPL in the event of default is measured at amortised cost. Other than this, the amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position or subject to enforceable master netting arrangements or similar agreements are measured on the same basis as the recognised financial assets and financial liabilities.

7. REVENUE

	2013 HK$'000	2012 HK$'000
An analysis of the Group's revenue for the year is as follows:		
Fee and commission income	**168,308**	163,599
Interest income — financial services	**26,257**	21,850
Sales of furniture and household goods and electrical appliances, net of discounts and returns	**1,108,621**	1,095,680
Online game subscription income	**787**	5,703
Licensing income	**2,520**	3,482
	1,306,493	1,290,314

8. SEGMENT INFORMATION

Segment information

Information reported to the Executive Directors of the Company, being the chief operating decision makers, 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 and reportable segments are as follows:

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

Starting from current financial year, net gain on investment held for trading activities and certain expenses (such as salaries expenses) incurred for the trading securities activities are included in the measurement of financial services operating segment for review by the Executive Directors. The comparatives of the segment information on continuing operations are restated to conform to current year presentation.

8. SEGMENT INFORMATION (continued)

Segment revenue and results

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

For the year ended 31 December 2013

	Financial services HK$'000	**Retailing HK$'000**	**Online game services HK$'000**	**Consolidated HK$'000**
Revenue	**194,565**	**1,108,621**	**3,307**	**1,306,493**
Segment (loss) profit	**(17,643)**	**10,731**	**(66,462)**	**(73,374)**
Unallocated other income				**221**
Corporate expenses				**(50,370)**
Fair value change on investment properties				**(5,083)**
Share of results of an associate				**(9)**
Unallocated finance costs				**(3,653)**
Loss before taxation				**(132,268)**

For the year ended 31 December 2012 (restated)

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
Revenue	185,449	1,095,680	9,185	1,290,314
Segment (loss) profit	(9,320)	12,587	(173,100)	(169,833)
Unallocated other income				354
Corporate expenses				(63,845)
Fair value change on investment properties				(17,068)
Share of results of an associate				14,045
Unallocated finance costs				(7,340)
Loss before taxation				(243,687)

All the segment revenue is derived from external customers.

Segment result represents the loss incurred/profit earned by each segment without allocation of certain other income, corporate expenses, fair value change on investment properties, share of results of an associate and certain finance costs. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

As at 31 December 2013

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	**1,789,189**	**387,196**	**2,589**	**2,178,974**
Investment properties				**57,112**
Unallocated property and equipment				**4,231**
Interest in an associate				**158,154**
Loan to an associate				**10,296**
Unallocated other assets				**46,425**
Deferred tax assets				**7,200**
Unallocated prepayments, deposits and other receivables				**2,553**
Unallocated bank balances and cash				**22,591**
Available-for-sale financial assets				**24,531**
Total assets				**2,512,067**
LIABILITIES				
Segment liabilities	**1,399,871**	**361,725**	**7,142**	**1,768,738**
Unallocated accrued liabilities and other payables				**10,219**
Taxation payable				**7,410**
Unallocated borrowings				**25,175**
Loan from a non-controlling shareholder of a subsidiary				**27,437**
Deferred tax liabilities				**8,218**
Obligations under finance leases				**54**
Total liabilities				**1,847,251**

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 December 2012

	Financial services HK$'000	Retailing HK$'000	Online game services HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	2,190,685	396,875	54,834	2,642,394
Investment properties				68,832
Unallocated property and equipment				18,454
Interest in an associate				152,939
Loan to an associate				10,296
Unallocated other assets				23,059
Deferred tax assets				6,700
Unallocated prepayments, deposits and other receivables				3,972
Assets classified as held for sale				66,000
Unallocated bank balances and cash				40,641
Total assets				3,033,287
LIABILITIES				
Segment liabilities	1,685,699	333,724	9,562	2,028,985
Unallocated accrued liabilities and other payables				36,403
Unallocated taxation payable				3,615
Unallocated borrowings				164,509
Loan from a non-controlling shareholder of a subsidiary				27,437
Deferred tax liabilities				16,137
Unallocated obligations under finance leases				693
Total liabilities				2,277,779

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

- all assets are allocated to reportable and operating segment other than investment properties, certain property and equipment, interest in an associate, loan to an associate, certain other assets, deferred tax assets, certain prepayments, deposits and other receivables, available-for-sale financial assets, assets classified as held for sale and certain bank balances and cash; and
- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, certain taxation payable, certain borrowings, loan from a non-controlling shareholder of a subsidiary, certain obligations under finance leases and deferred tax liabilities.

8. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2013

	Financial services HK$'000	**Retailing HK$'000**	**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	**11,349**	**15,066**	**3**	**1,021**	**27,439**
Depreciation of property and equipment	**12,383**	**19,591**	**1,594**	**10,304**	**43,872**
Amortisation of intangible assets	**—**	**—**	**5,757**	**—**	**5,757**
Finance costs	**8,925**	**5,518**	**—**	**3,653**	**18,096**
Net gain on investment held for trading	**67,598**	**—**	**—**	**—**	**67,598**
Write-down on inventories	**—**	**4,548**	**—**	**—**	**4,548**
Loss on disposal/written-off of property and equipment	**—**	**147**	**934**	**6,042**	**7,123**
Allowance on bad and doubtful loans receivable	**1,000**	**—**	**—**	**—**	**1,000**
Write back of bad debt on accounts receivable, net	**(2,048)**	**—**	**—**	**—**	**(2,048)**
Impairment loss recognised in respect of intangible assets	**300**	**—**	**37,331**	**—**	**37,631**

For the year ended 31 December 2012

	Financial services HK$'000	Retailing HK$'000	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	11,925	16,314	165	1,072	29,476
Additions of intangible assets	—	—	6,000	—	6,000
Depreciation of property and equipment	12,885	24,425	3,713	23,384	64,407
Amortisation of intangible assets	—	—	26,428	—	26,428
Finance costs	5,003	4,040	—	7,340	16,383
Net gains on investment held for trading	98,518	—	—	—	98,518
Write-down on inventories	—	5,348	—	—	5,348
Loss on disposal of property and equipment	5	62	79	469	615
Allowance on bad and doubtful loans receivable	9,700	—	—	—	9,700
Write back of bad debt on accounts receivable, net	(3)	—	—	—	(3)
Impairment loss recognised in respect of goodwill	—	—	83,361	—	83,361
Impairment loss recognised in respect of intangible assets	—	—	24,000	—	24,000
Impairment loss recognised in respect of property and equipment	—	4,664	—	—	4,664

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

Geographical information

The Group's continuing operations is located in Hong Kong and the PRC.

The Group's segment revenue from external customers and information about its non-current assets (excluding loan to an associate, loans receivable, available-for-sale financial assets and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		Non-current assets	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,293,837**	1,271,845	**247,823**	394,388
PRC	**12,656**	18,469	**218,655**	142,101
	1,306,493	1,290,314	**466,478**	536,489

No customer contributed over 10% of the Group's revenue during both years.

9. OTHER INCOME

	2013	2012
	HK$'000	HK$'000
Dividends from listed investments held for trading	**1,929**	1,616
Consulting fee income	**5,657**	1,805
Sundry income	**6,537**	8,089
	14,123	11,510

10. OTHER GAINS AND LOSSES

	2013 HK$'000	2012 HK$'000
Net gains on investments held for trading	**67,598**	98,518
Loss on disposal/written-off of property and equipment	**(7,123)**	(615)
Impairment loss in respect of property and equipment	**—**	(4,664)
Net foreign exchange gain	**3,002**	972
Write back of bad debt on accounts receivable, net	**2,048**	3
Allowance on bad and doubtful loans receivable	**(1,000)**	(9,700)
	64,525	84,514

11. SALARIES, ALLOWANCES AND COMMISSION

	2013 HK$'000	2012 HK$'000
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	**290,065**	300,412
Contributions to retirement benefits schemes	**13,377**	11,309
Share-based payments	**—**	562
Less: Amount capitalised as online game development costs	**—**	(6,000)
	303,442	306,283

12. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on:		
Bank overdrafts, bank loans and other borrowings:		
— repayable within five years	**17,209**	15,096
— repayable more than five years	**868**	1,234
Finance lease wholly repayable within five years	**19**	53
	18,096	16,383

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration

The remuneration paid or payable to each of the nine (2012: seven) Directors was as follows:

	Kwan Pak Hoo Bankee HK$'000 (Note (5))	Tsui Wing Cheong Sammy HK$'000 (Note (3))	Law Ping Wah Bernard HK$'000	Ng Hin Sing Derek HK$'000 (Note (1))	Chan Yau Ching Bob HK$'000 (Note (2))	Ng Kung Chit Raymond HK$'000 (Note (4))	Leung Ka Kui Johnny HK$'000	Chan Hak Sin HK$'000	Wong Chuk Yan HK$'000	Total HK$'000
2013										
Fees:										
Executive Directors	—	—	—	—	—	—	—	—	—	—
Independent Non-executive Directors	—	—	—	—	—	—	150	150	—	300
Other remuneration paid to Executive Directors:										
Salaries, allowances and benefits in kind	1,339	421	863	366	428	542	—	—	—	3,959
Contributions to retirement benefit scheme	67	16	43	18	21	27	—	—	—	192
Total remuneration	1,406	437	906	384	449	569	150	150	—	4,451

Notes:

(1) Mr Ng Hin Sing Derek was appointed as director of the Company on 5 August 2013.

(2) Dr Chan Yau Ching Bob resigned as director of the Company on 5 August 2013.

(3) Mr Tsui Wing Cheong Sammy was appointed as director of the Company on 7 October 2013.

(4) Mr Ng Kung Chit Raymond resigned as director of the Company on 7 October 2013.

(5) Mr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration (continued)

	Kwan Pak Hoo Bankee HK$'000 (Note (2))	Chan Yau Ching Bob HK$'000 (Note (1))	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
2012								
Fees:								
Executive Directors	—	—	—	—	—	—	—	—
Independent Non-executive Directors	—	—	—	—	150	150	—	300
Other remuneration paid to Executive Directors:								
Salaries, allowances and benefits in kind	2,053	176	863	758	—	—	—	3,850
Contributions to retirement benefit scheme	67	9	43	38	—	—	—	157
Total remuneration	2,120	185	906	796	150	150	—	4,307

Notes:

(1) Dr Chan Yau Ching Bob was appointed as director of the Company on 3 October 2012.

(2) Mr Kwan Pak Hoo Bankee is also the Company's chief executive and his remunerations disclosed above include those for services rendered by him as chief executive.

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.

Employees' remuneration

Of the five individuals with the highest emoluments in the Group, nil (2012: two) were Directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining five (2012: three) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	**8,470**	5,437
Contributions to retirement benefit scheme	**456**	296
Performance related incentive payments	**16,870**	48,365
	25,796	54,098

Note: The incentive payments are based on the performance of individuals and market trends.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Employees' remuneration (continued)

Their remuneration were within the following band:

	Number of employees	
	2013	2012
HK$1,000,001 to HK$1,500,000	**1**	—
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,500,001 to HK$3,000,000	**1**	—
HK$3,500,001 to HK$4,000,000	**—**	1
HK$6,000,001 to HK$6,500,000	**1**	—
HK$7,000,001 to HK$7,500,000	**—**	1
HK$13,000,001 to HK$13,500,000	**1**	—
HK$43,000,001 to HK$43,500,000	**—**	1

14. INCOME TAX CREDIT (EXPENSE)

	2013	2012
	HK$'000	HK$'000
Current tax:		
— Hong Kong Profits Tax	**(6,066)**	(12,119)
Over(under)provision in prior years	**1,550**	(898)
Deferred tax credit	**8,419**	4,248
	3,903	(8,769)

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

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction. No provision for the PRC income tax has been made as they incurred tax losses in 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.

14. INCOME TAX CREDIT (EXPENSE) (continued)

The income tax credit (expense) for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	HK$'000
Loss before taxation	**(132,268)**	(243,687)
Tax at domestic income tax rate of 16.5% (2012: 16.5%)	**21,824**	40,208
Tax effect of share of results of an associate	**(1)**	2,317
Over(under)provision in prior years	**1,550**	(898)
Tax effect of expenses not deductible for tax purpose	**(5,038)**	(33,820)
Tax effect of income not taxable for tax purpose	**1,573**	3,826
Tax effect of deductible temporary difference not recognised	**(1,526)**	(3,252)
Tax effect of estimated tax losses not recognised	**(17,908)**	(18,981)
Tax effect of utilisation of estimated tax losses previously not recognised	**819**	2,517
Others	**2,610**	(686)
Income tax credit (expense)	**3,903**	(8,769)

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

Deferred tax assets

	Decelerated tax depreciation
	HK$'000
At 1 January 2012	4,700
Credit to profit or loss for the year	2,000
At 31 December 2012	6,700
Credit to profit or loss for the year	500
At 31 December 2013	7,200

14. INCOME TAX CREDIT (EXPENSE) (continued)

Deferred tax liabilities

	Revaluation of investment properties	**Interest in an associate**	**Fair value adjustment on intangible assets under business combination**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2012	(5,821)	—	(12,564)	(18,385)
Credit (charge) to profit or loss for the year	2,700	(1,404)	952	2,248
At 31 December 2012	(3,121)	(1,404)	(11,612)	(16,137)
Credit to profit or loss for the year	1,552	1,404	4,963	7,919
At 31 December 2013	(1,569)	—	(6,649)	(8,218)

As at 31 December 2013, the Group has deductible temporary differences and estimated unused tax losses of approximately HK$48,529,000 and HK$826,963,000 (2012: HK$39,235,000 and HK$723,393,000) available for offset against future profits. No deferred tax asset has been recognised as at 31 December 2013 and 2012 in respect of these deductible temporary differences and estimated unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised, and it is also uncertain whether sufficient future taxable profits will be available in future to offset the amount.

For certain subsidiaries operating in the PRC, unrecognised tax losses of HK$263,844,000 (2012: HK$227,670,000) will expire in various dates up to 2017 (2012: 2016). The remaining unrecognised tax losses can be carried forward indefinitely.

15. LOSS FOR THE YEAR

	2013	2012
	HK$'000	HK$'000
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**3,750**	3,500
Operating lease rentals in respect of land and buildings	**208,416**	226,753
Handling expenses for securities dealing	**19,061**	24,388
Advertising and promotion expenses	**34,712**	37,429
Other selling and distribution expenses	**39,736**	37,211
Cost of inventories in retailing business	**650,905**	647,983
Cost of inventories and services for online game business	**1,345**	5,548
Write-down on inventories (included in cost of inventories in retailing business)	**4,548**	5,348

16. LOSS PER SHARE

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

	2013	2012
	HK$'000	HK$'000
Loss for the purpose of basic and diluted loss per share	**(87,835)**	(228,552)

	2013	2012
	'000	'000
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**492,281**	415,611

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the years ended 31 December 2013 and 2012 has been adjusted to reflect the impact of the bonus element of rights issue on 13 June 2013 and the impact of share consolidation during the year ended 31 December 2012.

The incremental shares from assumed exercise of share options are excluded in calculating the diluted loss per share because they are antidilutive in calculating the diluted loss per share.

17. DIVIDENDS

No dividend was paid or proposed during 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

18. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 January 2012	159,581	147,294	4,190	311,065
Additions	18,458	11,018	—	29,476
Disposals	(11,122)	(12,632)	—	(23,754)
Exchange adjustments	223	853	9	1,085
At 31 December 2012	167,140	146,533	4,199	317,872
Additions	15,684	11,755	—	27,439
Disposals/written off	(66,600)	(53,362)	—	(119,962)
Exchange adjustments	1,019	1,053	49	2,121
At 31 December 2013	117,243	105,979	4,248	227,470
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2012	89,756	94,992	1,728	186,476
Provided for the year	40,977	22,730	700	64,407
Eliminated on disposals	(11,122)	(11,545)	—	(22,667)
Impairment loss recognised in profit or loss	4,343	321	—	4,664
Exchange adjustments	85	602	8	695
At 31 December 2012	124,039	107,100	2,436	233,575
Provided for the year	26,811	16,454	607	43,872
Eliminated on disposals/written off	(63,787)	(48,902)	—	(112,689)
Exchange adjustments	891	1,170	51	2,112
At 31 December 2013	87,954	75,822	3,094	166,870
CARRYING AMOUNTS				
At 31 December 2013	29,289	30,157	1,154	60,600
At 31 December 2012	43,101	39,433	1,763	84,297

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

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

During the year ended 31 December 2013, the Group disposed/wrote off the leasehold improvements and furniture and fixtures with carrying amount of HK$7,123,000 (2012: HK$5,279,000) related to the closure of offices and a retail shop in PRC.

The carrying amounts of motor vehicles of includes amounts of approximately HK$826,000 (2012: HK$1,763,000) in respect of assets held under finance leases.

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2012	185,484
Decrease in fair value recognised in profit or loss	(17,068)
Disposals	(34,139)
Reclassified as assets held for sale (Note 40)	(66,000)
Exchange adjustments	555
At 31 December 2012	68,832
Decrease in fair value recognised in profit or loss	(5,083)
Disposals	(7,986)
Exchange adjustments	1,349
At 31 December 2013	57,112
Unrealised loss on property revaluation included in fair value change in investment properties during the year ended 31 December 2013	(5,369)

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 are not held within a business model whose objective is to consume substantially all of the economic benefits embedded in the investment properties over time and therefore the presumption to be recovered through sale is not rebutted.

The fair value of the Group's investment properties as at 31 December 2013 and 2012 was arrived at on the basis of a valuation carried out on that date by Peak Vision Appraisals Limited, independent qualified professional valuers not connected with the Group.

In estimating the fair value of investment properties, the highest and best use of the properties is their current use.

The Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the management's findings to the Board of Directors of the Company every half year to explain the cause of fluctuations in the fair value of the investment properties.

The fair value of properties situated in the PRC classified as Level 3 fair value hierarchy was determined based on the direct comparison approach assuming sale of property interest in its existing state with the benefit of vacant procession and by making reference to recent comparable sales evidence as available in the relevant market. There was no change on valuation technique used from the prior year.

19. INVESTMENT PROPERTIES (continued)

The following table shows the information about how the fair values of these investment properties are determined (in particular, the valuation techniques and input used) as well as the fair value hierarchy into which the fair value measurements and categorised (Levels 1 to 3) based on degree to which the inputs to the fair value measurements is observable.

Investment properties held	Fair value hierarchy	Valuation techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
As at 31 December 2013				
Properties in the PRC	Level 3	Direct comparison method based on market observable transactions of same buildings and adjust to reflect the conditions and locations of the subject properties The key inputs are: (1) Level adjustment (2) View adjustment	Level adjustment on individual floors of property View adjustments on the site view of the property concluding with adjustment of 3%	The higher level, the higher the fair value concluding with a proportion of 0.5% to 3% The better view, the higher the fair value

There were no transfers into or out of Level 3 during the both years.

The carrying value of investment properties shown above are situated on:

	2013 **HK$'000**	2012 HK$'000
Land in the PRC with medium-term lease	**36,322**	41,354
Land in the PRC with long-term lease	**20,790**	27,478
Total assets	**57,112**	68,832

20. GOODWILL

	HK$'000
COST	
At 1 January 2012, 31 December 2012 and 31 December 2013	261,707
IMPAIRMENT	
At 1 January 2012	115,636
Impairment loss recognised	83,361
At 31 December 2012 and 31 December 2013	198,997
CARRYING AMOUNTS	
At 31 December 2013	62,710
At 31 December 2012	62,710

The carrying amounts of goodwill allocated to the CGUs are as follows:

	2013 **HK$'000**	2012 HK$'000
Financial services	**23,267**	23,267
Retailing	**39,443**	39,443
	62,710	62,710

Particulars regarding impairment testing on goodwill as at 31 December 2013 and 2012 and impairment loss recognised in respect of goodwill of HK$83,361,000 during the year ended 31 December 2012 are disclosed in note 22.

21. INTANGIBLE ASSETS

	Trading rights HK$'000 (Note (c))	Club membership HK$'000 (Note (d))	Online game related intellectual property HK$'000	Online game development costs HK$'000 (Note (a))	Domain name HK$'000 (Note (b))	Trademarks HK$'000 (Note (e))	Gaming licences HK$'000 (Note (f))	Total HK$'000
COST								
At 1 January 2012	9,392	660	16,390	57,271	5,460	38,000	40,295	167,468
Addition	—	—	—	6,000	—	—	—	6,000
At 31 December 2012	9,392	660	16,390	63,271	5,460	38,000	40,295	173,468
Written off	—	—	(16,390)	—	—	—	—	(16,390)
At 31 December 2013	9,392	660	—	63,271	5,460	38,000	40,295	157,078
AMORTISATION AND ACCUMULATED IMPAIRMENT								
At 1 January 2012	—	—	16,390	5,593	—	—	4,457	26,440
Charge for the year	—	—	—	20,671	—	—	5,757	26,428
Impairment loss recognised for the year	—	—	—	24,000	—	—	—	24,000
At 31 December 2012	—	—	16,390	50,264	—	—	10,214	76,868
Charge for the year	—	—	—	—	—	—	5,757	5,757
Impairment loss recognised for the year	300	—	—	13,007	—	—	24,324	37,631
Written off	—	—	(16,390)	—	—	—	—	(16,390)
At 31 December 2013	300	—	—	63,271	—	—	40,295	103,866
NET BOOK VALUES								
At 31 December 2013	9,092	660	—	—	5,460	38,000	—	53,212
At 31 December 2012	9,392	660	—	13,007	5,460	38,000	30,081	96,600

21. INTANGIBLE ASSETS (continued)

Notes:

(a) Intangible asset of online game development costs represented internally generated online game development costs. This intangible asset has definite useful life and is amortised on a straight-line basis over the estimated useful life. During the year ended 31 December 2012, one online game launched to the public and its development costs started to amortise for one year amounting to HK$20,671,000. The remaining online game with development costs of HK$13,007,000 (2012: HK$13,007,000) are not ready for use. The online game development costs are subject to impairment assessment during the years ended 31 December 2013 and 2012. During the year ended 31 December 2013, the financial performance and actual net cash flows generating from the online games continue to decline. In view of this, management further adjusted downward the estimated cash flows of the online game services by reference to current year actual results. The re-estimation of the recoverable amount of the online game development costs is estimated to be less than the carrying amounts (before impairment) and impairment losses of HK$13,007,000 in respect of online game development costs are recognised to profit or loss during the year ended 31 December 2013. Particulars regarding impairment testing on online game development costs as a CGU in 2012 are disclosed in note 22.

(b) As at 31 December 2013, intangible assets with carrying amounts of HK$5,460,000 (2012: HK$5,460,000) 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 during the years ended 31 December 2013 and 2012, the recoverable amount has been determined based on fair value less costs of disposal. The fair value less costs of disposal is arrived at by market approach, with reference to 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 of disposal at 31 December 2013 and 2012 was supported by a valuation carried out at that day by Peak Vision Appraisals Limited, an independent qualified professional valuer not connected with the Group.

(c) At 31 December 2013, intangible assets amounting to HK$9,092,000 (2012: HK$9,092,000) represent trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange. Intangible assets amounting to HK$300,000 represent trading right that confer the eligibility of the Group to trade on the Hong Kong Mercantile Exchange Limited ("HKME") as at 31 December 2012. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trading right 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. During the year ended 31 December 2013, HKME voluntarily surrendered its authorisation to provide automated trading services, management of the Group determined that the trading right no longer exists, full impairment was provided. Particulars regarding impairment testing of the remaining balance are disclosed in note 22.

(d) At 31 December 2013, intangible assets amounting to HK$660,000 (2012: HK$660,000) represent club memberships. For the purpose of impairment testing on club memberships, the recoverable amount has been determined based on fair value less costs of disposal. The fair value is determined based on the second-hand market price. During the years ended 31 December 2013 and 2012, management of the Group determines that there was no impairment of the club memberships since the recoverable amount of the club memberships exceeds its carrying amount.

(e) At 31 December 2013, trademark amounting to HK$38,000,000 (2012: HK$38,000,000) represents the perpetual right for the use of the brand name 'Pricerite' in Hong Kong which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the products are expected to generate net cash flows for the Group. As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark 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. Particulars regarding impairment testing on trademark are disclosed in note 22.

(f) This intangible asset has definite useful life and is amortised on a straight-line basis over 7 years. The recoverable amount has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering 5-years period and discount rate of 21% (2012: 20.8%). The cash flow beyond the 5-years period are extrapolated using steady percentage growth rate of 0% (2012: 3%). During the year ended 31 December 2013, the Group fails to launch any mobile games deriving from the gaming licenses and management decided to suspend the development in mobile game business. In view of this, the Group recognised an impairment of HK$24,324,000 on the gaming licenses during the year ended 31 December 2013.

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS

For the purpose of impairment testing, goodwill, trading rights, trademarks, online game development costs and gaming licences set out in notes 20 and 21 have been allocated to the following CGUs respectively. The carrying amount of goodwill, trading rights, trademarks, online game development costs and gaming licences as at 31 December 2013 and 2012 allocated to these units are as follows:

	Goodwill		Trading rights		Trademarks		Online game development costs	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial services	**23,267**	23,267	**9,092**	9,392	**—**	—	**—**	—
Retailing	**39,443**	39,443	**—**	—	**38,000**	38,000	**—**	—
Online game services	**—**	—	**—**	—	**—**	—	**—**	13,007
Mobile game services	**—**	—	**—**	—	**—**	—	**—**	—
	62,710	62,710	**9,092**	9,392	**38,000**	38,000	**—**	13,007

Financial services CGU

Goodwill of HK$23,267,000 (2012: HK$23,267,000) and trading rights of HK$9,092,000 (2012: HK$9,392,000) are allocated to CGU of broking of securities and corporate finance. The recoverable amounts of the CGU of broking of securities and corporate finance have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a one-year period, and discount rate of 8% (2012: one-year period, and discount rate of 10%). The cash flows beyond the one-year period are extrapolated for two years using a zero growth rate. The zero growth rate is determined based on management's expectations for the market development and is not expected to exceed the average long-term growth rate for the relevant industry. No impairment on this CGU is made for both years as the recoverable amount exceeded the carrying amount. Management 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.

Retailing CGU

Goodwill of HK$39,443,000 (2012: HK$39,443,000) and trademark of HK$38,000,000 (2012: HK$38,000,000) are allocated to CGU of retailing business in Hong Kong. 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 covering a five-year period having an annual growth rate of 3% and discount rate of 19.6% (2012: five-year period, annual growth rate of 3% and discount rate of 19.6%) and projection of terminal value using the perpetuity method at a growth rate of 3% (2012: 3%). 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 in Hong Kong. No impairment on this CGU is made for both years as the recoverable amount exceeded the carrying amount. Management 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.

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS (continued)

Online game services CGU

Online game development costs with carrying amount (before impairment) of HK$13,007,000 (2012: HK$37,007,000) as at 31 December 2013 and goodwill with carrying amount (before impairment) of HK$83,361,000 as at 31 December 2012 have been allocated to the CGU of online game service.

The recoverable amount of the CGU of online game services has been determined at the higher of fair value less cost to sell and value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by management covering a 5-years period and discount rate of 21% (2012: 21%). The cash flows beyond the 5-years period are extrapolated using a growth rate of nil (2012: nil). 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.

During the year ended 31 December 2012, the financial performance and actual net cash flows generating from the new launched online game are significantly worse than previous budgeted. Moreover, management considered that the online game market was declining during the year ended 31 December 2012 as a result of the change in the customers' spending pattern between the online game and smartphone mobile games. In view of this, management adjusted downward the estimated cash flows of the CGU, taking into account the actual performance of the newly launched game during the year ended 31 December 2012, the pilot run results as well as the estimated future revenue of another new online game during the year ended 31 December 2012. The re-estimation of the recoverable amount of the CGU is estimated to be less than the carrying amounts of goodwill and online game development costs and impairment losses of HK$83,361,000 in respect of goodwill and HK$24,000,000 in respect of development costs included in intangible assets are recognised to profit or loss during the year ended 31 December 2012.

During the year ended 31 December 2013, the financial performance and actual net cash flows generating from the online games continue to decline. In view of this, management further adjusted downward the estimated cash flows of the CGU by reference to current year actual results. The re-estimation of the recoverable amount of the CGU is estimated to be less than the carrying amounts (before impairment) of online game development costs and impairment losses of HK$13,007,000 in respect of online game development costs are recognised to profit or loss during the year ended 31 December 2013.

There is no significant property and equipment allocated to online game services CGU.

23. INTEREST IN AN ASSOCIATE AND LOAN TO AN ASSOCIATE

	2013 HK$'000	2012 HK$'000
Cost of investment in an associate;		
Unlisted shares	**67,833**	67,833
Share of post-acquisition profits and other comprehensive income	**90,321**	85,106
	158,154	152,939
Loan to an associate (Note)	**10,296**	10,296

Note: Pursuant to the shareholder agreement entered into between a subsidiary of the Company, Marvel Champ Investments Limited, and other shareholders of the associate on 27 June 2007, the loan to an associate is unsecured, non-interest bearing and has no fixed repayment terms. As at 31 December 2013, the loan to an associate is reclassified from non-current assets to current assets because, in the opinion of the directors, the loan will be repaid to the Group upon completion of the disposal of a subsidiary held by the associate in 2014 (Note 46).

As at 31 December 2013 and 2012, the Group had interest in the following associate:

Name of entity	Form of business structure	Country of incorporation/ date of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Proportion of voting power held %	Principal activities
China Able Limited	Incorporated	British Virgin Islands ("BVI") 23 May 2007	PRC	Ordinary	33.33	33.33	Investment holding with its subsidiaries invested in property investment in Shanghai

23. INTEREST IN AN ASSOCIATE AND LOAN TO AN ASSOCIATE (continued)

Summarised financial information of associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate has a reporting date of 31 December and accounted for using the equity method in these consolidated financial statements.

China Able Limited

	2013	2012
	HK$'000	HK$'000
Non-current asset	**842,714**	803,118
Current assets	**10,848**	8,412
Current liabilities	**(75,410)**	35,616
Non-current liabilities	**(303,690)**	(317,099)
Revenue	**55,261**	51,429
(Loss) profit for the year	**(27)**	42,133

In 2013, exchange difference of HK$5,224,000 arising from translation of the assets and liabilities of this associate into the presentation currency of the Group is recognised in other comprehensive income and accmulated in the translation reserve.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013	2012
	HK$'000	HK$'000
Net asset	**474,462**	458,815
Proportion of the Group's ownership interest	**33.33%**	33.33%
Carrying amount of the Group's interest	**158,154**	152,939

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013 **HK$'000**	2012 HK$'000
Unlisted investments		
— equity securities incorporated in Hong Kong (at cost) (Note)	**21,031**	—
— equity securities incorporated in the BVI (at cost)	**3,500**	—
	24,531	—

Note: As at 31 December 2013, the unlisted investment represents 18% equity interest in Infinity Equity Management Company Limited's ("Infinity"), a private entity incorporated in Hong Kong. Infinity is engaged in the business of venture capital and private equity management in PRC. At the date of acquisition, the Group obtained 20% equity interest in Infinity. The board of directors of Infinity, which directs all the relevant financing and operating decisions relating to daily investment activities made for the venture capital and private equity management business by simple majority of vote, comprises 7 members, of which one is appointed by the Group and another 5 appointed by a shareholder who is the founder of Infinity. At the date of acquisition, the Group signed an agreement with Infinity under which the Group surrendered its rights to vote at both meetings of shareholders and directors regarding to the decision making relating to financial and operating policies of Infinity. Against this background, the directors consider that the Group does not have significant influence on Infinity as the board of directors of Infinity is dominated by the founder, and the Group has merely protective rights in attending the board meetings to oversee the daily investment activities carried out by Infinity. In December 2013, the Group's equity interest was diluted to 18% as a result of capital injection of a new third party investor to Infinity.

These investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that fair value cannot be measured reliably.

25. OTHER ASSETS

	2013 **HK$'000**	2012 HK$'000
Statutory and other deposits with exchanges and clearing houses		
— current portion	**5,747**	—
— non-current portion	**10,964**	14,006
Deposits and direct costs paid for the purchase of properties (Note)		
— current portion	**23,337**	—
— non-current portion	**23,088**	23,014
	63,136	37,020
Carrying amount analysed for reporting purposes		
— current portion	**29,084**	—
— non-current portion	**34,052**	37,020
	63,136	37,020

The above deposits are non-interest bearing.

Note: The Group has entered into sale and purchase agreements with a property developer on 10 November 2012 for the acquisition of two Hong Kong properties for self-occupation at a consideration of approximately HK$230,142,000 of which deposits of approximately HK$46,073,000 (2012: HK$23,014,000) were paid to the property developer as at 31 December 2013. In 2013, the Group has further entered into another provisional sale and purchase agreement with an independent third party ("Purchaser") for the disposal of one of the properties ("Property") at a consideration approximately HK$135,000,000. Accordingly, the deposit paid and direct costs incurred for the purchase of Property to be disposed of by the Group amounting HK$23,337,000 is classified as current asset as at 31 December 2013. The transactions were completed in January 2014 upon delivery of a property to the Group and the Purchaser respectively.

26. ACCOUNTS RECEIVABLE

	2013 HK$'000	2012 HK$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	**74,475**	40,050
Cash clients	**67,236**	313,212
Margin clients	**284,616**	270,160
Accounts receivable arising from the business of dealing in futures and options:		
Clients	**139**	157
Clearing houses, brokers and dealers	**180,041**	294,796
Commission receivable from brokerage of mutual funds and insurance-linked investment products	**1,777**	1,357
Accounts receivable arising from the business of provision of corporate finance services	**40**	300
Accounts receivable arising from the business of provision of online game services	**372**	595
	608,696	920,627

The credit quality of accounts receivable are summarised as follows:

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired:		
— Margin clients	**284,616**	270,160
— Other non-margin clients	**37,906**	299,461
— Clearing houses, brokers and dealers	**239,148**	304,109
— Online game services customers	**372**	595
Past due but not impaired	**46,654**	51,510
Impaired	**5,476**	2,316
	614,172	928,151
Less: Allowance for impairment	**(5,476)**	(7,524)
	608,696	920,627

The settlement terms of accounts receivable arising from the business of dealing in securities are 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 are one day after trade date or at specific terms agreed with clearing houses, brokers and dealers.

Accounts receivable from margin and cash clients arising from the business of dealing in securities are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of broking business.

26. ACCOUNTS RECEIVABLE (continued)

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends either to settle on a net basis, or to realise the balances simultaneously. Details are set out in note 6.

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

	2013	2012
	HK$'000	HK$'000
0–30 days	**1,440**	977
31–60 days	**—**	533
61–90 days	**—**	—
Over 90 days	**377**	147
	1,817	1,657

In general, accounts receivable due from margin clients are included in "Neither past due nor impaired" category. As at 31 December 2013 and 2012, 98% (2012: 99%) of the carrying amount of each individual loan to margin client in this category is lower than the fair value of each client's listed securities. Accounts receivable due from margin clients of approximately HK$4,516,000 (2012: HK$661,000) which are fully impaired and not secured by any clients' listed securities, are included in "Impaired" category as at 31 December 2013 and 2012.

The clients' listed securities can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group is able to use client's pledged securities up to the amount of 140% of the loans to margin clients as collateral of the Group's borrowing (with client's consent). The loans are repayable on demand and bear interest at commercial rates.

The Group allows an average credit period of 30 days to its online game services customers. The accounts receivable with a carrying amount of approximately HK$372,000 (2012: HK$595,000) are aged within 30 days (from the trade date) which is neither past due nor impaired at the end of the reporting period for which the Group believes that the amounts are recoverable.

Included in the Group's accounts receivable are debtors (excluding margin clients), with a carrying amount of HK$46,654,000 (2012: HK$51,510,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality. The Group believes that the amounts are still considered recoverable given the substantial settlement after the reporting date.

26. ACCOUNTS RECEIVABLE (continued)

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

	2013 HK$'000	2012 HK$'000
0–30 days	**27,475**	15,713
31–60 days	**3,295**	4,757
61–90 days	**—**	—
Over 90 days	**15,884**	31,040
	46,654	51,510

As at 31 December 2013, in connection with the business of dealing in futures and options, the Group has maintained its own account of nil (2012: HK$373,000) and account on behalf of its client of HK$15,368,000 (2012: HK$30,363,000) with MFG HK. The directors of the Company have been in contact with the liquidators, being appointed by MFG HK since 2 November 2011 following the filing for bankruptcy protection by MF Global UK Limited (its ultimate parent company) in the United States of America on 31 October 2011, for the return of the account balances to the Group and there was subsequent settlement of HK$15,368,000 (2012: HK$71,889,000) for the year ended 31 December 2013. The Group expected to recover the remaining amount of HK$15,368,000 within the next 12 months from the end of the reporting period. Therefore, the Directors of the Company believe no allowance for bad and doubtful debts is necessary.

Accounts receivable are netted off by allowance for bad and doubtful debts of HK$5,476,000 (2012: HK$7,524,000) which included individual allowance of HK$5,117,000 (2012: HK$2,316,000) and collective allowance of HK$359,000 (2012: HK$5,208,000) respectively.

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

Movement in the allowance for bad and doubtful debts:

	2013 HK$'000	2012 HK$'000
Balance at the beginning of the year	**7,524**	7,524
Charge for the year	**2,801**	—
Amounts written back during the year	**(4,849)**	—
Balance at the end of the year	**5,476**	7,524

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

26. ACCOUNTS RECEIVABLE (continued)

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

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

Name	**Balance at 1 January**	**Balance at 31 December**	**Maximum amount outstanding during the year**	**Market value of pledged securities at fair value at 31 December**
	HK$'000	HK$'000	HK$'000	HK$'000
Directors of the Company				
Mr Law Ping Wah Bernard and associates (Note (1))				
2012	—	—	246	—
2013	—	—	15,955	—
Mr Ng Kung Chit Raymond				
2012	—	—	982	—
2013	—	—	7,978	—
Mr Kwan Pak Hoo Bankee and associates				
2012	—	—	474	493
2013	—	—	5,266	2,500
A substantial shareholder with significant influence over the Company (Note (2))				
Cash Guardian Limited				
2012	—	—	—	—
2013	—	—	3,227	1,254
Directors of CFSG				
Mr Cheng Man Pan Ben and associates				
2012	171	234	1,125	868
2013	234	441	3,102	903
Ms Cheng Pui Lai Majone and associates				
2012	—	—	1,090	361
2013	—	—	16,284	211

Notes:

(1) Associates are defined in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

(2) Cash Guardian Limited is solely owned by Mr Kwan Pak Hoo Bankee, who is the director of the Company.

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

27. LOANS RECEIVABLE

	2013 HK$'000	2012 HK$'000
Loans receivable denominated in Hong Kong dollars	**68,428**	103,493
Less: Allowance for bad and doubtful debts	**(42,997)**	(41,997)
	25,431	61,496
Carrying amount analysed for reporting purposes:		
Current assets	**23,951**	61,496
Non-current assets	**1,480**	—
	25,431	61,496

The credit quality of loans receivable are summarised as follows:

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	**17,364**	51,999
Impaired	**51,064**	51,494
	68,428	103,493
Less: Allowance for impairment	**(42,997)**	(41,997)
	25,431	61,496

Except for the loans receivable with the carrying amount of HK$8,067,000 (2012: HK$9,497,000) which was non-interest bearing, interest rates underlying the variable-rate loans receivable are Hong Kong Prime Rate plus a spread for both years.

Interest rates underlying the fixed-rate loans receivable with the carrying amount of HK$13,581,000 (2012: HK$13,223,000) ranging from 2.5% to 4.25% (2012: 2.5% to 4.25%) per annum as at 31 December 2013. The effective interest rates are equal to contractual interest rate.

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.

27. LOANS RECEIVABLE (continued)

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

	2013 **HK$'000**	2012 HK$'000
Balance at the beginning of the year	**41,997**	32,297
Charge for the year	**1,000**	9,700
Balance at the end of the year	**42,997**	41,997

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date credit was initially granted up to the reporting date.

The loans receivable with a carrying amount of HK$17,364,000 (2012: HK$51,999,000) which are neither past due nor impaired, at the reporting date for which the Group believes that the amounts are considered recoverable since an amount of HK$13,570,000 (2012: HK$13,093,000) are fully secured by a residential property at a fair value of approximately HK$40,800,000 (2012: HK$41,300,000) and the remaining amount of HK$3,794,000 (2012: HK$38,906,000) are due from borrowers for whom there was no recent history of default.

At the end of each reporting date, the Group's loans receivable were individually assessed for impairment. The Group encountered difficulties in collection of certain loans receivable and appropriate allowance for bad and doubtful debts has been made against these loans receivable. The individually impaired loans receivable are recognised based on the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific allowance for bad and doubtful debts was recognised. The above allowance for bad and doubtful debts of HK$42,997,000 (2012: HK$41,997,000) on the gross carrying amount of loans receivable amounting to HK$51,064,000 (2012: HK$51,494,000) were individually impaired up to the fair value of each client's pledged securities. The individually impaired short term loans receivable relate to customers that were in default or delinquency in repayments.

Apart from the exposures to the concentration of credit risk from the five highest borrowers of HK$45,521,000 (2012: HK$63,173,000) with specific allowance for bad and doubtful debts of HK$25,964,000 (2012: HK$17,393,000), the Group has no other significant concentration of credit risk.

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

	2013 **HK$'000**	2012 HK$'000
On demand or within one year	**2,303**	38,776
Over one year and less than five years	**1,480**	—
	3,783	38,776

The carrying amount of fixed-rate loans receivable have contractual maturity dates as follows:

	2013 **HK$'000**	2012 HK$'000
On demand or within one year	**13,581**	13,223

28. INVESTMENTS HELD FOR TRADING

	2013 HK$'000	2012 HK$'000
Equity securities listed in Hong Kong (Note (a))	**36,362**	72,380
Equity securities listed outside Hong Kong (Note (a))	**18,665**	4
Debt securities listed in Hong Kong (Note (b))	—	26,749
Debt securities listed outside Hong Kong (Note (c))	—	13,988
Unlisted investment fund (note (d))	—	10,085
	55,027	123,206

Notes:

(a) The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchanges. As at 31 December 2012, the listed equity securities of HK$8,830,000 were placed in a bank as collateral to secure the bank loan for margin financing as disclosed in note 34. No listed securities was placed as collateral as at 31 December 2013.

(b) Debt securities listed in Hong Kong represent corporate bonds, carrying interest at fixed rate from 4.5% to 4.8% per annum with maturity dates ranging from 15 June 2015 to 7 July 2015. As at 31 December 2012, the listed debt securities of HK$26,749,000 were placed in a bank as collateral to secure the bank loan for margin financing as disclosed in note 34. The fair value of the listed debt securities are determined based on brokers' quotes because they were traded either over-the-counter or through the Stock Exchange with limited trading volume since the initial public offerings in June and July 2012. The debt securities were fully disposed during the year ended 31 December 2013.

(c) Debt securities listed outside Hong Kong represent a corporate bond, carrying interest at a fixed rate of 5.75% per annum with maturity date of 11 July 2017. The fair value of the listed debt securities is based on the quoted market bid price available on the relevant exchange. The debt securities were fully disposed during the year ended 31 December 2013.

(d) The fair value of the unlisted investment fund is determined based on brokers' quotes, which reflect the Group's share of the fair value of the net asset value of the fund. It is the price that the counterparty financial institution is willing to pay to redeem the fund at 31 December 2012. The unlisted investment fund was fully disposed during the year ended 31 December 2013 and the consideration of HK$9,854,000, which is included in other receivable at 31 December 2013, was received in January 2014.

(e) The above investments are considered as a portfolio of financial assets that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking.

29. BANK DEPOSITS SUBJECT TO CONDITIONS

	2013 HK$'000	2012 HK$'000
Other bank deposits (Note (a))	**17,155**	17,155
Pledged bank deposits (Notes (b))	**73,400**	73,400
	90,555	90,555

The bank deposits subject to conditions carry floating interest rate at prevailing market rate per annum. The effective interest rates on the Group's bank deposits subject to conditions are also equal to contracted interest rates. 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) Pursuant to a letter of undertaking given by the Group to a bank, the Group undertakes to maintain deposits of not less than HK$15,000,000 (2012: HK$15,000,000) with a bank as a condition precedent to an overdraft facility granted by the bank. The bank deposits will mature within one year or at an earlier date when the overdraft facility is expired.

(b) The Group's bank deposits of HK$73,400,000 (2012: HK$73,400,000) were pledged to secure the short-term bank borrowings.

30. OTHER FINANCIAL ASSETS

Prepayments, deposits and other receivables

	2013 HK$'000	2012 HK$'000
Prepayments	**2,351**	4,948
Deposits	**20,987**	25,968
Consideration receivable on disposal of investment properties	**—**	6,458
Other receivables	**47,635**	5,977
	70,973	43,351

The above deposits and other receivables are non-interest bearing. At 31 December 2012, other receivables included consideration receivable on disposals of investment properties in 2012 amounting to HK$ 6,458,000. Balance was subsequently settled in 2013. As at 31 December 2013, "Other receivables" included (i) escrow fund of HK$27,000,000 held by an independent lawyer as deposit received for disposal of a property acquired by the Group in January 2014 (note 25) and (ii) consideration receivable on disposal of unlisted investment fund amounting to HK$9,584,000.

30. OTHER FINANCIAL ASSETS (continued)

Bank balances — trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions (note 31). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

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

31. ACCOUNTS PAYABLE

	2013 **HK$'000**	2012 HK$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses	**1,430**	257,383
Cash clients	**592,920**	577,656
Margin clients	**147,660**	102,065
Accounts payable to clients arising from the business of dealing in futures and options	**290,378**	487,256
Trade creditors arising from retailing business	**164,588**	166,400
Accounts payable arising from the online game services	**554**	615
	1,197,530	1,591,375

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clearing houses. Accounts payable to margin clients and cash clients are repayable on demand. No ageing analysis is disclosed as in the opinion of Directors of the Company, the ageing 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 are margin deposits received from clients for their trading of these contracts. At 31 December 2013, the balance included accounts payable to a client of HK$71,586,000 (2012: HK$69,534,000) was related to a client, of which HK$15,368,000 (2012: HK$30,363,000) is maintained in MFG HK as disclosed in note 26. The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand. No ageing analysis is disclosed as in the opinion of Directors of the Company, the aging analysis does not give additional value in view of the nature of these businesses.

The accounts payable amounting to HK$784,704,000 (2012: HK$782,293,000) were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

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

31. ACCOUNTS PAYABLE (continued)

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

	2013 HK$'000	2012 HK$'000
0–30 days	**71,915**	73,623
31–60 days	**50,923**	54,195
61–90 days	**33,327**	22,035
Over 90 days	**8,423**	16,547
	164,588	166,400

The accounts payable arising from online game services are aged with 30 day (from the trade date).

32. OTHER FINANCIAL LIABILITIES

Accrued liabilities and other payables

	2013 HK$'000	2012 HK$'000
Accrued liabilities		
— Salaries and commission payables	**18,374**	36,430
— Other accrued liabilities	**53,293**	37,161
Deposit received on disposal of a property (Note 30)	**27,000**	—
Other payables	**29,543**	36,748
	128,210	110,339

Loan from a non-controlling shareholder of a subsidiary

The amount represents a loan of USD3,517,500 (equivalent to approximately HK$27,437,000) from a non-controlling shareholder of a subsidiary. The amount is non-interest bearing, unsecured and is repayable on demand.

33. OBLIGATIONS UNDER FINANCE LEASES

	2013 HK$'000	2012 HK$'000
Analysed for reporting purpose as:		
Current liabilities	**54**	906
Non-current liabilities	**—**	50
	54	956

It was the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term was three years for the year ended 31 December 2013. Interest rates underlying all obligations under finance leases were fixed at 3.35% (2012: 3.35% to 5.4%) per annum. No arrangements had been entered into for contingent rental payments.

	Minimum lease payments		**Present value of minimum lease payments**	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Amount payable under finance leases				
Within one year	**54**	926	**54**	906
In more than one year but not more than two years	**—**	50	**—**	50
In more than two years but not more than five years	**—**	—	**—**	—
	54	976	**54**	956
Less: Future finance charges	**—**	(20)	**—**	—
Present value of lease obligations	**54**	956	**54**	956
Less: Amount due for settlement within one year (shown under current liabilities)			**(54)**	(906)
Amount due for settlement after one year			**—**	50

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

34. BORROWINGS

	2013 **HK$'000**	2012 HK$'000
Secured bank overdrafts	**12,375**	14,007
Secured bank borrowings	**301,918**	302,701
Secured other borrowings	**—**	62,079
Unsecured other borrowings	**39,600**	27,394
Trust receipt loans	**104,798**	111,271
	458,691	517,452
Carrying amount repayable based on schedule repayment terms:		
Within one year	**213,483**	254,357
More than one year but not exceeding two years	**1,141**	1,233
More than two years but not exceeding five years	**3,671**	3,981
More than five years	**17,763**	21,117
	236,058	280,688
Carrying amount of borrowings (shown under current liabilities) contain a repayment on demand clause:		
— within one year	**217,407**	172,069
— in the second year	**5,226**	37,177
— in the third to fifth years	**—**	9,785
— more than fifth years	**—**	17,733
	458,691	517,452
Less: Amount due within one year shown under current liabilities	**(436,116)**	(491,121)
Amount shown under non-current liabilities	**22,575**	26,331

34. BORROWINGS (continued)

As at 31 December 2013, the Group's bank borrowings of HK$419,091,000 (2012: HK$383,245,000) were secured by:

(a) corporate guarantees from the Company for the year ended 31 December 2013 and CFSG for both years;

(b) corporate guarantees from certain subsidiaries of CFSG for both years;

(c) marketable securities of the Group's clients of carrying amount of HK$363,142,000 (2012: HK$291,263,000) (with client's consent);

(d) listed equity securities and listed debt securities of the Group for margin financing provided by the bank as disclosed in note 28 with carrying amount of HK$8,830,000 and HK$26,749,000 at 31 December 2012 respectively;

(e) investment properties of the Group as disclosed in note 19 with carrying amount of approximately HK$57,112,000 (2012: HK$68,832,000);

(f) pledged deposit of HK$73,400,000 (2012: HK$73,400,000) for short-term bank borrowings as disclosed in note 29;

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

(h) Pursuant to a letter of undertaking given by the Group to a bank, the Group undertakes to maintain deposits of not less than HK$15,000,000 (2012: HK$15,000,000) with a bank as a pre-condition for an overdraft facility granted by the bank (see note 29).

As at 31 December 2012, the other borrowings amounting to approximately HK$62,079,000, carried interest rate at HIBOR plus 6% per annum, was secured by the shares of Celestial Investment Group Limited, which is a wholly-owned subsidiary of the Company.

As at 31 December 2013, bank loans amounting to approximately HK$301,918,000 (2012: HK$302,701,000) are at 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$1,500,000 (2012: HK$27,394,000) and HK$38,100,000 (2012: nil) carry interest at Hong Kong Prime Rate plus 3% per annum and fixed rate of 12% per annum respectively. Bank overdrafts amounting to HK$12,375,000 (2012: HK$14,007,000) carried interest at Hong Kong Prime Rate. Trust receipts loans amounting to HK$104,798,000 (2012: HK$111,271,000) carry interest at Hong Kong Prime Rate plus a spread.

As at 31 December 2012, bank borrowings of approximately HK$44,733,000 were secured by corporate guarantees from the Company and certain subsidiaries, investment properties of the Group with carrying amount of approximately HK$66,000,000, as well as personal guarantee from Mr Kwan Pak Hoo Bankee, an executive director and shareholder with significant influence over the Company through his entire shareholding and control over Cash Guardian as explained in note 45. The borrowings were settled in February 2013 and pledge of investment property, corporate and personal guarantees were released upon settlement of borrowings.

The effective interest rates on the Group's borrowings ranged from 0.7% to 12% (2012: 1.02% to 8%) per annum.

35. SHARE CAPITAL

	Notes	Par value of each ordinary share HK$	Number of shares '000	Amount HK$'000
Ordinary shares				
Authorised:				
At 1 January 2012		0.01	30,000,000	300,000
Share consolidation	(a)		(27,000,000)	—
At 31 December 2012 and 31 December 2013		0.1	3,000,000	300,000
Issued and fully paid:				
At 1 January 2012		0.01	3,694,319	36,943
Share consolidation	(a)		(3,324,887)	—
At 31 December 2012		0.1	369,432	36,943
Issue of rights shares	(b)		184,716	18,472
At 31 December 2013		0.1	554,148	55,415

Notes:

(a) Pursuant to a resolution passed at a special general meeting of the Company held on 5 October 2012, issued and unissued 10 ordinary shares of HK$0.01 each were consolidated into 1 consolidated ordinary shares of HK$0.10 each of the Company. The share consolidation is completed on 8 October 2012.

(b) On 13 June 2013, 184,715,928 shares of HK$0.10 each were issued by way of rights issue at a subscription price of HK$0.30 per share.

All the shares issued during the year ended 31 December 2012 rank pari passu in all respects with the other shares in issue.

36. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

Year ended 31 December 2013

Pursuant to a special general meeting passed on 21 June 2013, CFSG distributed entire interests in CASH Retail Management (HK) Limited ("CRM(HK)"), a limited company incorporated in the BVI, in specie to its shareholders. Upon the completion of the distribution by CFSG, Celestial Investment Group Limited, immediate holding company of CFSG and the wholly-owned subsidiary of the Group, has 42.75% interest in CRM(HK). Celestial Investment Group Limited made a cash offer to the remaining shareholders of CFSG to acquire all remaining shares of CRM(HK) on the basis of HK$0.011 in cash for each share of CRM(HK) held. Approximately 48.19% of shareholders of CFSG accepted the cash offer and disposed its shareholding of CRM(HK) to the Group with consideration of approximately HK$20,573,000 in aggregate. After the completion of this acquisition and up to 31 December 2013, the Group's equity interest over CRM(HK) is increased from 42.75% to 90.98%. The difference between the amount by which the non-controlling interests of CRM(HK) is adjusted and the fair value of the consideration paid by the Group is HK$16,479,000 and then credited to other reserve and accumulated in equity. In the opinion of the directors of the Company, the Group remains control over CRM(HK) before and after distribution of CRM(HK) by CFSG and cash offer.

Year ended 31 December 2012

During the year ended 31 December 2012, the Group's equity interest in CFSG was increased from 42.3% to 42.75% upon the share repurchases by CFSG with total proceeds of HK$2,549,000. The difference of HK$3,236,000 between the decreasing in the non-controlling interests, being the proportionate share of the carrying amount of net assets of CFSG amounting to HK$5,785,000, and the proceeds paid for share repurchases has been credited to other reserve.

37. RESERVES

Translation reserve

	2013 **HK$'000**	2012 HK$'000
At 1 January	**10,913**	10,421
Exchange differences arising on translation to presentation currency	**2,524**	492
At 31 December	**13,437**	10,913

38. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000	Share option reserve of subsidiaries HK$'000	Total HK$'000
At 1 January 2012	400,197	28,151	428,348
Share of loss and total comprehensive expenses for the year	(23,904)	—	(23,904)
Share-based payments of CFSG	—	562	562
Transfer to accumulated losses upon expiration of CFSG's share options	11,963	(20,899)	(8,936)
Dividend paid by CFSG	(4,250)	—	(4,250)
Change in shareholding in CFSG without losing control	(5,785)	—	(5,785)
At 31 December 2012	378,221	7,814	386,035
Share of loss and total comprehensive expense for the year	(38,085)	—	(38,085)
Transfer to accumulated losses upon expiration of CFSG's share options	4,474	(7,814)	(3,340)
Change in shareholding in CFSG without losing control	(37,052)	—	(37,052)
At 31 December 2013	307,558	—	307,558

39. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK$'000	2012 HK$'000
Financial liabilities at FVTPL arising from short selling activities	**19,701**	—

Balance represents the fair value of securities from short selling activities as at 31 December 2013.

40. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2012

On 7 December 2012, the directors signed a provisional agreement with an independent third party to dispose its investment property in Hong Kong with a consideration of HK$66,000,000 by cash. The board considered that the disposal of its investment property is highly probable, thus such investment property is reclassified to assets classified as held for sale in accordance with HKFRS 5.

This transaction is approved by shareholders in special general meeting on 22 January 2013 and the disposal is completed in February 2013.

41. 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:

	2013 HK$'000	2012 HK$'000
Within one year	**172,021**	173,600
In the second to fifth year inclusive	**195,834**	180,532
Over five years	**1,050**	—
	368,905	354,132

Operating lease payments represent rental payable by the Group for office premises, warehouse and retail shops for both years ended. Leases are mainly negotiated for lease term of one 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 paid a rental of approximately HK$2,353,000 (2012: HK$2,762,000), based on certain percentage of the gross sales of the relevant shop when the sales meets certain specified level.

42. CAPITAL COMMITMENTS

	2013 HK$'000	2012 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property and equipment	**184,069**	207,128
Acquisition of interests in an entity (Note)	**—**	20,639
	184,069	227,767

Note: The Group, together with an independent third party, has entered into agreement with Infinity to conditionally subscribe for 20% of the enlarged issued share capital of Infinity for a consideration of approximately USD2,670,000 (equivalent to approximately HK$20,639,000) on 3 December 2012. The acquisition was completed in 2013 (see note 24).

43. SHARE OPTION SCHEMES

(A) Share option scheme of the Company

(a) New Share Option Scheme

The Company's share option scheme ("New Share Option Scheme") was adopted pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 21 May 2012. The New Share Option Scheme, which replaces the Share Option Scheme (as defined below), took effect on 21 May 2012.

The major terms of the New 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 Company, its subsidiaries and associates, including CFSG and its subsidiaries; 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 New Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 36,943,185 shares, representing 6.7% of the issued share capital of the Company as at 31 December 2013. However, the total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New 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 options might be granted to a participant, when aggregated with shares issued and issuable (including exercised and outstanding options and the options cancelled) under any option granted to the same participant under the New Share Option Scheme or any other share option scheme within any 12-months period, must not exceed 1% of the shares in issue from time to time.

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

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

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

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

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

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

- the nominal value of the share.

(ix) The life of the New Share Option Scheme is effective for 10 years from the date of adoption until 20 May 2022.

43. SHARE OPTION SCHEMES (continued)

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

(b) Share Option Scheme

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 Share Option Scheme was expired and terminated on 19 February 2012 and was replaced by the New Share Option Scheme. 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; 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 share 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. However, the total maximum number of shares which might be issued upon exercise of all outstanding share 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 until 18 February 2012.

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:

				Number of share options							
Name of scheme	Date of grant	Exercise price per share HK$	Exercise period	outstanding as at 1 January 2012	granted in 2012	lapsed in 2012	outstanding as at 31 December 2012	granted in 2013	adjusted in 2013 (Note (2))	reallocated upon change of directorship	outstanding as at 31 December 2013
Directors											
Share Option Scheme	3.6.2010	0.1667	3.6.2010–31.5.2012	60,000,000	—	(60,000,000)	—	—	—	—	—
New Share Option Scheme	11.10.2012	0.6240	(Notes (1) & (2))	—	12,800,000	—	12,800,000	—	1,600,000	(4,050,000)	10,350,000
	7.10.2013	0.4800	7.1.2014–31.10.2015	—	—	—	—	5,500,000	—	—	5,500,000
				60,000,000	12,800,000	(60,000,000)	12,800,000	5,500,000	1,600,000	(4,050,000)	15,850,000
Employees											
Share Option Scheme	3.6.2010	0.1667	3.6.2010–31.5.2012	96,000,000	—	(96,000,000)	—	—	—	—	—
New Share Option Scheme	11.10.2012	0.6240	(Notes (1) & (2))	—	8,000,000	—	8,000,000	—	1,000,000	4,050,000	13,050,000
				96,000,000	8,000,000	(96,000,000)	8,000,000	—	1,000,000	4,050,000	13,050,000
Consultants											
Share Option Scheme	29.11.2010	0.8600	29.11.2010–30.11.2013	30,000,000	—	(30,000,000)	—	—	—	—	—
New Share Option Scheme	11.10.2012	0.6240	(Notes (1) & (2))	—	9,000,000	—	9,000,000	—	1,116,000	—	10,116,000
				30,000,000	9,000,000	(30,000,000)	9,000,000	—	1,116,000	—	10,116,000
				186,000,000	29,800,000	(186,000,000)	29,800,000	5,500,000	3,716,000	—	39,016,000
Exercisable at year end							—				—

Notes:

(1) During the year ended 31 December 2012, the options were granted to directors and employees of the Group on 11 October 2012 for the provision of services to the Group. The options will be vested upon achievement of performance target (based on non-market condition) for the period up to 31 October 2014. Fair value of share options at the date of grant is estimated and assumptions are disclosed below. The options must be exercised within one month from the date the Board approves the vesting of the options. As at 31 December 2013 and 2012, the directors of the Company considered that the performance target is not probable to be achieved by the grantees and thus no share-based compensation expense was recognised in the financial year ended 31 December 2013 and 2012.

The options of 9,000,000 were granted to the consultants of the Company on 11 October 2012 for the provision of consultancy services to the Company up to the contract period until 31 October 2014. The options will be vested upon the provision of satisfactory services determined at the sole discretion of the Board of Directors of the Company. As at 31 December 2013 and 2012, the related services have not been satisfactorily performed. Thus no share-based compensation expense was recognised in the financial years ended 31 December 2013 and 2012.

The closing price of the share immediate before the date of grant of options was HK$0.6700.

(2) The number and the exercise price of options which remained outstanding have been adjusted from HK$0.7020 per share to HK$0.6240 per share during the year due to rights issue.

43. SHARE OPTION SCHEMES (continued)

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

These fair values are calculated using the Black-Scholes pricing model ("B-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	
	7 October 2013	11 October 2012
Share price at grant date	**HK$0.48**	HK$0.702[1]
Exercise price	**HK$0.48**	HK$0.702[1]
Expected volatility	**46%**	128%
Expected life	**2 years**	2 years
Risk-free rate	**0.2%**	0.5%
Expected dividend yield	**Nil**	Nil

[1] The share price and exercise price are presented before adjustment for rights issue.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 2 years.

The fair value of share options granted on 7 October 2013 is HK$677,000.

The Group did not recognise any expenses towards share options granted by the Company.

(B) Share option scheme of CFSG

CFSG's share option scheme ("CFSG Share Option Scheme") was adopted pursuant to an ordinary resolution passed at the special general meeting of the Company held on 22 February 2008, which took effect on 3 March 2008.

The major terms of the CFSG 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 Company and its subsidiaries and associates, including CFSG; 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 Share Option Scheme must not exceed 10% of the issued share capital of CFSG as at the date of approval of the CFSG Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 387,785,958 shares, representing around 10% of the issued Share Capital of CFSG as at 31 December 2013. 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 Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time.

43. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of CFSG (continued)

(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 Share 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.

(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 Share Option Scheme is effective for 10 years from the date of adoption until 21 February 2018.

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

Share options granted to the employees, directors and the consultants of CFSG and weighted average exercise price are as follows for the reporting periods presented:

		2013			2012	
	Notes	**Number of share options**	**Weighted average exercise price HK$**	Notes	Number of share options	Weighted average exercise price HK$
Outstanding at 1 January		**585,150,000**	**0.155**		653,400,000	0.258
Granted		**—**	**N/A**	(a)	314,000,000	0.093
Lapsed	**(a), (b), (c) & (f)**	**(310,150,000)**	**0.211**	(d) & (e)	(382,250,000)	0.280
Outstanding at 31 December		**275,000,000**	**0.093**		585,150,000	0.155
Exercisable at 31 December		**—**	**N/A**		194,150,000	0.147

43. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of CFSG (continued)

No share option was exercised during the years ended 31 December 2013 and 2012.

			2013		2012	
		Notes	**Number of outstanding share options as at 31 December**	**Exercise price HK$**	Number of outstanding share options as at 31 December	Exercise price HK$
Grant date:	Exercisable period:					
15.06.2009	15 December 2009 to 30 June 2013	(f)	**—**	**—**	24,750,000	0.134
15.06.2009	15 June 2010 to 30 June 2013	(f)	**—**	**—**	33,000,000	0.134
15.06.2009	15 June 2011 to 30 June 2013	(f)	**—**	**—**	14,850,000	0.134
15.06.2009	15 June 2012 to 30 June 2013	(f)	**—**	**—**	19,800,000	0.134
22.06.2009	N/A	(b)	**—**	**—**	82,500,000	0.131
15.10.2010	15 October 2010 to 31 October 2013	(f)	**—**	**—**	2,750,000	0.276
15.10.2010	1 January 2011 to 31 October 2013	(f)	**—**	**—**	2,750,000	0.276
15.10.2010	15 October 2011 to 31 October 2013	(f)	**—**	**—**	4,125,000	0.276
15.10.2010	1 January 2012 to 31 October 2013	(f)	**—**	**—**	2,750,000	0.276
15.10.2010	15 October 2012 to 31 October 2013	(f)	**—**	**—**	6,875,000	0.276
01.02.2011	N/A	(c)	**—**	**—**	77,000,000	0.432
11.10.2012	N/A	(a)	**275,000,000**	**0.093**	314,000,000	0.093
			275,000,000		585,150,000	

Notes:

(a) The options of 314,000,000 were granted to directors and employees of CFSG on 11 October 2012 for the provision of services to CFSG. The options will be vested upon achievement of performance target (based on non-market condition) for the respective financial years up to 31 October 2014. The options must be exercised within one month from the date the board of directors of CFSG approves the vesting of the options. As at 31 December 2012 and 2013, the directors of CFSG considered that the performance target is not probable to be achieved by the grantees and thus no share-based compensation expense was recognised in the financial year ended 31 December 2012 and 31 December 2013. As at 31 December 2013, 39,000,000 options were lapsed as per formance target for the current financial year has not been achieved. In addition, the Directors of CFSG considered that the performance target for the subsequent financial years is not probable to be achieved. As such, no share based payment expense was recognised in the financial year ended 31 December 2013.

(b) The options of 82,500,000 were granted to the consultants of CFSG on 22 June 2009 for the provision of consultancy services to CFSG up to the contract period until 30 June 2013. The options will be vested upon the provision of satisfactory services determined at the sole discretion of the Board of Directors of CFSG. The related services have not been satisfactorily performed during the whole contract period and the related project was suspended in 2012. Thus no share-based compensation expense was recognised in the financial years ended 31 December 2013 and 2012. The options were lapsed at the end of the contract period.

(c) The option of 77,000,000 were granted to the consultants of CFSG on 1 February 2011 for the provision of consultancy services to CFSG up to the contract period until 31 December 2013. The options will be vested upon the provision of satisfactory services determined at the sole discretion of the Board of Directors of CFSG. The related services have not been satisfactorily performed and the related project was suspended in 2012. Thus no share-based compensation expense was recognised in the financial years ended 31 December 2013 and 2012. The options were lapsed at the end of the contract period.

43. SHARE OPTION SCHEMES (continued)

(B) Share option scheme of CFSG (continued)

Notes: (continued)

(d) During the year ended 31 December 2012, the options of 316,250,000 granted to the employees and directors of CFSG on 3 June 2010 and 15 October 2010 were lapsed during the year ended 31 December 2012 upon expiration of the options.

(e) the options of 66,000,000 were granted to the consultants of CFSG on 22 November 2010 for the provision of consultancy services to CFSG up to the contract period until 30 November 2012. The options were lapsed at the end of the contract period and the related services had not been provided by the consultants due to suspension of the related project.

(f) During the year ended 31 December 2013, the options of 111,650,000 granted to the employees and directors of CFSG on 15 June 2009, 22 June 2009 and 15 October 2010 were lapsed upon expiration of the option.

The weighted average remaining contractual life of share options outstanding as at 31 December 2013 is 0.83 year (2012: 1.29 years).

In total, HK$562,000 of share-based compensation expenses has been recognised in profit or loss for the year ended 31 December 2012. The corresponding amount of HK$562,000 has been credited to share-based reserve and included in non-controlling interests. No liabilities were recognised due to share-based payment transactions. During the year ended 31 December 2013, there is no share-based compensation expense recognised in profit or loss.

For the year ended 31 December 2013, the Directors considered that no options can be exercised due to the failure to achieve the performance target.

During the year ended 31 December 2013, 310,150,000 (2012: 382,250,000) share options with aggregate fair value of HK$7,814,000 (2012: HK$20,899,000) had lapsed and the amount in share option reserve had been transferred to retained profits.

The B-Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

43. SHARE OPTION SCHEMES (continued)

(C) 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 2013 and 2012, 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.

(iii) The maximum number of shares in respect of which share options might be granted under the Netfield Share Option Scheme must not exceeded 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. However, the total maximum number of shares which might be issued upon exercise of all outstanding share 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 Netfield 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.

43. SHARE OPTION SCHEMES (continued)

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

(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 Share Option Scheme is effective for 10 years from the date of adoption until 5 June 2018.

44. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF 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. Both the Group and the employees contribute a fixed percentage of the relevant payroll to the MPF Scheme. Effective from June 2012, the cap of contribution amount has been changed from HK$1,000 to HK$1,250 per employee per month.

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 11.

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:

	2013 **HK$'000**	2012 HK$'000
Commission and interest income received from the following major shareholders of the Company		
Cash Guardian Limited (Note)	**43**	—
Mr Kwan Pak Hao Bankee and associates	**22**	—
	65	—
Commission and interest income received from the following directors of the Company and CFSG		
Mr Law Ping Wah Bernard and associates	**30**	10
Dr Chan Yau Ching Bob and associates	**24**	13
Mr Ng Kung Chit Raymond and associates	**17**	7
	71	30
Rental expenses paid to an associate	**5,181**	7,167
Commission and interest income received from the following directors of CFSG		
Mr Cheng Man Pan Ben and associates	**49**	45
Ms Cheng Pui Lai Majone and associates	**35**	7
	84	52

Note: Cash Guardian has significant influence over the Company. 31.91% (2012: 31.91%) equity interest of the Company is held by Cash Guardian at 31 December 2013. Cash Guardian is controlled by Mr Kwan Pak Hoo Bankee, an executive director of the Company.

Compensation of key management personnel

The remuneration of directors and chief executive which is disclosed in note 13 is determined by the remuneration committee having regard to the performance of individuals and market trends.

46. EVENTS AFTER THE REPORTING PERIOD

Year ended 31 December 2013

(1) On 24 January 2014, the Group's associate and an independent third party entered into a sales and purchase agreement. The Group's associate has agreed to sell the entire registered shares of its subsidiary at a consideration of RMB652,787,000 (equivalent to approximately HK$840,800,000). The subsidiary of the Group's associate owns and manages an investment property which is located at The Point Jingan, No. 555 Anyuan Road, Jing'An District, Shanghai, The PRC and comprises an 11-storey office tower erected on a 1-storey retail space and a single-storey basement car park together with other ancillary facilities. Details of the transaction are set out in announcement of the Company dated 24 January 2014. The transaction is not yet completed up to the date these consolidated financial statements were authorised for issuance.

(2) In January 2013, the Group completed the acquisition of the two properties in Hong Kong. A property with cost of HK$115,317,000 was sold to an independent third party, resulting in an estimated gain of HK$16,700,000, net of transaction cost. The other property with cost of HK$115,177,000 is held by the Group for own use.

Year ended 31 December 2012

On 3 December 2012, the Group, together with an independent third party, has entered into agreement with Infinity to subscribe for 20% of the enlarged issued share capital of Infinity for a consideration of approximately USD2,670,000 (equivalent to approximately HK$20,639,000). The transaction was completed on 3 January 2013 upon fulfilment of precedent conditions set out in the agreement (see note 24).

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Year 2013 and 2012

Name	Place of incorporation	Nominal value of issued and fully paid ordinary share capital/registered capital	Proportion of nominal value of issued share capital held by the Company 2013 %	2012 %	Principal activities
CASH Group Limited	BVI	US$1	**100**	100	Investment holding
CRM(HK) (defined as explained in note 36)	BVI	Ordinary HK$3,877,859	**90.98**	42.75	Investment holding
Celestial Investment Group Limited	BVI	US$10,000	**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$10,000,000	**89.7**	89.7	Online game developer
上海摩力游數字娛樂有限公司## (translated as Shanghai Moliyo Digital Entertainment Limited)	PRC	RMB10,000,000	**89.7**	89.7	Online game operator
Libra Capital Management (HK) Limited	BVI	US$1	**100**	100	Trading of securities
Moli Mobile Digital Entertainment Holdings Limited ("MMDE")	BVI	US$10,000	**89.7**	89.7	Investment holding
Praise Joy Limited	BVI	US$1	**100**	100	Investment holding
Pricerite Stores Limited (defined as explained in note 36)	Hong Kong	Ordinary HK$200,000,000	**90.98**	42.75	Retailing of furniture and household goods
Wealthy View Investment Limited	BVI	US$10	**100**	100	Investment holding
Subsidiaries of CFSG					
CASH Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	**42.75**	42.75	Provision of asset management services
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	**42.75**	42.75	Provision of management services for group companies

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

Year 2013 and 2012 (continued)

Name	Place of incorporation	Nominal value of issued and fully paid ordinary share capital/registered capital	Proportion of nominal value of issued share capital held by the Company 2013 %	2012 %	Principal activities
Subsidiaries of CFSG (continued)					
CASH Wealth Management Limited	Hong Kong	Ordinary HK$15,000,000	**42.75**	42.75	Financial advisory consultancy
CASH Payment Services Limited	Hong Kong	Ordinary HK$2	**42.75**	42.75	Provision of payment gateway services
Celestial Asset Management Limited	Hong Kong	Ordinary HK$4,000,100	**42.75**	42.75	Provision of treasury management functions
Celestial Capital Limited	Hong Kong	Ordinary HK$30,000,000	**42.75**	42.75	Provision of corporate finance, investment and financial advisory services
Celestial Commodities Limited	Hong Kong	Ordinary HK$12,000,000	**42.75**	42.75	Futures and options broking and trading
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**42.75**	42.75	Money lending
Celestial Securities Limited	Hong Kong	Ordinary HK$140,000,000	**42.75**	42.75	Securities, equity options broking and trading, leveraged foreign exchange contracts
icoupon Limited	BVI	Ordinary US$1	**42.75**	42.75	Investment holding and trading
Marvel Champ Investment Limited ("Marvel Champ")	BVI	Ordinary US$100	**27.79**	27.79	Investment holding
Think Right Investments Limited	BVI	Ordinary US$1	**42.75**	42.75	Properties holding
Celestial Financial Services Limited	BVI	Ordinary US$10,000	**42.75**	42.75	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 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 of 80% and 20% respectively.

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

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.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group which operate in Hong Kong and are investment holding company and inactive companies.

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013**	2012	**2013**	2012
				HK$'000	HK$'000	**HK$'000**	HK$'000
CFSG (excluding non-controlling interests of CFSG's subsidiaries)	Bermuda/Hong Kong	**57.25%**	57.25%	**(33,859)**	(22,155)	**303,860**	383,171
Non-wholly owned subsidiaries of CFSG:							
Marvel Champ (Note 1)	BVI/The PRC	**35%**	35%	**(3)**	4,425	**31,030**	29,204
Individual immaterial subsidiaries with non-controlling interests				**–**	750	**5,084**	5,084
CFSG				**(33,862)**	(16,980)	**339,974**	417,459
CRM(HK) (Note 2)	BVI/Hong Kong	**9.02%**	–	**312**	–	**7,629**	–
MMDE	BVI/The PRC	**10.3%**	10.3%	**(6,980)**	(6,924)	**(40,045)**	(31,424)
				(40,530)	(23,904)	**307,558**	386,035

Notes:

1. Marvel Champ is a 65% owned subsidiary of CFSG.

2. CRM(HK) was a wholly-owned subsidiary of CFSG during the year ended 31 December 2012 and the period from 1 January 2013 to 27 June 2013 (the completion date on distribution in species on CRM(HK) by CFSG) and therefore the profits and net assets of CRM(HK) and its subsidiaries are included in CFSG. After the distribution, the profits and share of net assets attributable to non-controlling interest is presented separately in the above table.

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

CFSG is listed on the Stock Exchange. The Group's shareholding of CFSG varied between 42.3% and 42.75% during the year ended 31 December 2012 and 2013. The directors examined all the relevant facts and circumstances, including the Group's dominant voting interest in CFSG, dispersion of holding of other vote holders, rights arising from other contractual agreements, participation rates of shareholders and voting patterns in previous shareholders' meetings and concluded that the Group has the control over CFSG and recognised CFSG as a subsidiary throughout the relevant reporting periods. Details of the control over CFSG are disclosed in note 4.

Summarised consolidated financial information in respect of each Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

CFSG and subsidiaries

	2013 **HK$'000**	2012 HK$'000
Non-current assets	**323,369**	714,913
Current assets	**1,746,425**	2,367,504
Non-current liabilities	**(24,144)**	(82,172)
Current liabilities	**(1,483,452)**	(2,078,832)
Equity attributable to owners of CFSG	**562,198**	921,413
Equity attributable to owners of the Company (Note)	**222,224**	379,246
Non-controlling interests of CFSG (Note)	**303,860**	507,879
Non-controlling interests of CFSG's subsidiaries	**36,114**	34,288
	562,198	921,413

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

CFSG and subsidiaries (continued)

	2013 HK$'000	2012 HK$'000
Revenue	194,565	1,281,129
Expenses	(253,710)	(1,314,653)
Loss for the year	(59,145)	(33,524)
Loss for the year attributable to		
— the owners of the Company	(25,283)	(16,544)
— non-controlling interests of CFSG	(33,859)	(22,155)
— non-controlling interests of CFSG's subsidiaries	(3)	5,175
Loss for the year	(59,145)	(33,524)
Other comprehensive income for the year attributable to		
— the owners of the Company	3,327	80
— non-controlling interests of CFSG	2,257	—
— non-controlling interests of CFSG's subsidiaries	1,829	—
Other comprehensive income for the year	7,413	80
Total comprehensive (expense) income for the year attributable to		
— the owners of the Company	(21,956)	(16,464)
— non-controlling interests of CFSG	(31,602)	(22,155)
— non-controlling interests of CFSG's subsidiaries	1,826	5,175
Total comprehensive expense for the year	(51,732)	(33,444)
Net cash outflow from operating activities	(31,106)	(118,719)
Net cash outflow from investing activities	(51,277)	(60,725)
Net cash (outflow) inflow from financing activities	(39,211)	58,283
Net cash outflow	(121,594)	(121,161)
Dividend paid to non-controlling interests of CFSG's subsidiaries	—	4,250

Note: The equity attributable to non-controlling interests of CFSG (excluding non-controlling interest of CFSG's subsidiaries) as at 31 December 2012 amounting to HK$383,171,000 after taking into consideration of the elimination of fair value adjustment on trademark and related deferred taxation arising from acquisition of subsidiaries by CFSG from the Company reflected in these consolidated financial statements of the Company.

There are no significant restrictions on the ability of CFSG to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

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

Marvel Champ

	2013	2012
	HK$'000	HK$'000
Current assets	**10,296**	—
Non-current assets	**158,154**	163,235
Current liabilities	**(78,390)**	(78,390)
Equity attributable to owners of CFSG	**59,030**	55,641
Non-controlling interests of Marvel Champ	**31,030**	29,204

	2013	2012
	HK$'000	HK$'000
(Loss) profit attributable to owners of the Company	**(6)**	9,129
(Loss) profit attributable to the non-controlling interests	**(3)**	4,916
(Loss) profit for the year	**(9)**	14,045
Other comprehensive income attributable to owners of CFSG	**3,395**	—
Other comprehensive income attributable to the non-controlling interests of Marvel Champ	**1,829**	—
Other comprehensive income for the year	**5,224**	—
Total comprehensive income attributable to owners of CFSG	**3,389**	9,129
Total comprehensive income attributable to the non-controlling interests of Marvel Champ	**1,826**	4,916
Total comprehensive income for the year	**5,215**	14,045

Marvel Champ did not distribute any dividend and did not have any cash flow from operating, financing and investing activities for the year ended 31 December 2012 and 2013.

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

CRM(HK)

	2013 HK$'000	2012 HK$'000
Non-current assets	**106,995**	120,031
Current assets	**345,958**	411,369
Non-current liabilities	**(6,649)**	(6,649)
Current liabilities	**(361,725)**	(333,725)
	84,579	191,026
Equity attributable to owners of the Company	**76,950**	81,664
Non-controlling interests of CFSG (Note)	**—**	109,362
Non-controlling interests of CRM(HK) (Note)	**7,629**	—
	84,579	191,026
Revenue	**1,113,665**	1,100,372
Expenses	**(1,108,434)**	(1,094,785)
Profit and total comprehensive income for the year	**5,231**	5,587
Profit and total comprehensive income for the year attributable to		
— the owners of the Company	**3,047**	2,388
— non-controlling interests of CFSG (before distribution of CRM(HK) by CFSG)	**1,872**	3,199
— non-controlling interests of CRM(HK) (after distribution of CRM(HK) by CFSG)	**312**	—
Profit and total comprehensive income for the year	**5,231**	5,587
Net cash inflow from operating activities	**21,406**	46,159
Net cash inflow from investing activities	**(63,127)**	(127,819)
Net cash outflow from financing activities	**25,559**	12,954
Net cash outflow	**(16,162)**	(68,706)
Dividend paid to CFSG (before distribution of CRM(HK) by CFSG)	**111,678**	—

Note: The assets, liabiliites, income and expenses of CRM(HK) as of 31 December 2012 is included in CFSG's assets, liabiliites, income and expenses as disclosed above as CRM(HK) was the wholly-owned subsidiary of CFSG during the year ended 31 December 2012.

There are no significant restrictions on the ability of CRM(HK) to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

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

MMDE

	2013 **HK$'000**	2012 HK$'000
Non-current assets	**6,283**	48,803
Current assets	**3,248**	6,058
Current liabilities	**(399,935)**	(359,968)
	(390,404)	(305,107)
Equity attributable to owners of the Company	**(350,359)**	(273,683)
Non-controlling interests of MMDE	**(40,045)**	(31,424)
	(390,404)	(305,107)
Revenue	**3,307**	9,185
Expenses	**(71,074)**	(76,399)
Loss for the year	**(67,767)**	(67,214)
Loss for the year attributable to		
— the owners of the Company	**(60,787)**	(60,290)
— non-controlling interests of MMDE	**(6,980)**	(6,924)
Loss for the year	**(67,767)**	(67,214)
Other comprehensive expense for the year attributable to		
— the owners of the Company	**(15,889)**	—
— non-controlling interests of MMDE	**(1,641)**	—
Other comprehensive expense for the year	**(17,530)**	—
Total comprehensive expense for the year attributable to		
— the owners of the Company	**(76,676)**	(60,290)
— non-controlling interests of MMDE	**(8,621)**	(6,924)
Total comprehensive expense for the year	**(85,297)**	(67,214)
Net cash outflow from operating activities	**(24,665)**	(19,869)
Net cash inflow (outflow) from investing activities	**90**	(165)
Net cash inflow from financing activities	**21,523**	1,369
Net cash outflow	**(3,052)**	(18,665)
Dividend paid to non-controlling interests of MMDE	**—**	—

There are no significant restrictions on the ability of MMDE to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

Appendix I — Investment Properties

Held as at 31 December 2013

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 rent out
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
The whole floor of 21/F of Rykadan Capital Tower, No. 135-137 Hoi Bun Road, Kwun Tong, Kowloon (Kwun Tong Inland Lot No. 526), together with four car parking spaces Nos. P15 to P18 on 1/F of the same building	12,007**	The property is vacant
The whole floor of 22/F of Rykadan Capital Tower, No. 135-137 Hoi Bun Road, Kwun Tong, Kowloon (Kwun Tong Inland Lot No. 526), together with four car parking spaces Nos. P19 to P22 on 1/F of the same building	12,060**	The CFSG Group entered into a provisional agreement in relation to the disposal of the property on 14 November 2013. The transaction was completed subsequent to the balance sheet date on 20 January 2014

Appendix II – Five-Year Financial Summary

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 as appropriate, is set out below:

	Year ended 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**1,306,493**	1,290,314	1,376,290	1,308,026	1,129,142
(Loss) profit before taxation	**(132,268)**	(243,687)	(138,949)	(56,307)	23,247
Taxation charge	**3,903**	(8,769)	(7,002)	(11,337)	(19,174)
(Loss) profit for the year	**(128,365)**	(252,456)	(145,951)	(67,644)	4,073
Attributable to:					
Equity holders of the Company	**(87,835)**	(228,552)	(126,499)	(28,908)	20,823
Non-controlling interests	**(40,530)**	(23,904)	(19,452)	(38,736)	(16,750)
	(128,365)	(252,456)	(145,951)	(67,644)	4,073

Appendix II – Five-Year Financial Summary (continued)

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Property and equipment	**60,600**	84,297	124,589	202,044	221,818
Investment property	**57,112**	68,832	185,484	185,777	163,712
Goodwill	**62,710**	62,710	146,071	146,071	146,071
Interest in an associate	**158,154**	152,939	138,894	124,512	116,931
Intangible assets	**53,212**	96,600	141,028	73,512	50,790
Other non-current assets	**107,901**	88,107	59,670	54,206	48,283
Current assets	**2,012,378**	2,479,802	2,274,554	2,052,653	1,798,084
Total assets	**2,512,067**	3,033,287	3,070,290	2,838,775	2,545,689
Current liabilities	**1,816,458**	2,235,261	1,925,508	1,888,611	1,778,450
Long term borrowings	**22,575**	26,331	111,732	52,520	62,772
Other non-current liabilities	**8,218**	16,187	19,341	20,843	49,556
Total liabilities	**1,847,251**	2,277,779	2,056,581	1,961,974	1,890,778
Net assets	**664,816**	755,508	1,013,709	876,801	654,911
Equity attributable to equity holders of the Company	**357,258**	369,473	585,361	444,909	360,589
Non-controlling interests	**307,558**	386,035	428,348	431,892	294,322
	664,816	755,508	1,013,709	876,801	654,911

Definitions

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

"AGM(s)"	the annual general meeting(s) of the Company
"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
"CASH Wealth Management"	CASH Wealth Management Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of CFSG, and currently a non-wholly-owned of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in types 1 (dealing in securities), 4 (advising on securities) and type 9 (asset management) regulated activities
"Celestial Capital"	Celestial Capital Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of CFSG, and currently a non-wholly-owned subsidiary 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 in Hong Kong with limited liability, is a wholly-owned subsidiary of CFSG, and currently a non-wholly-owned subsidiary 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 in Hong Kong with limited liability, is a wholly-owned subsidiary of CFSG, and currently a non-wholly-owned subsidiary of the Company via CFSG. It is a licensed corporation under the SFO which is engaged in type 1 (dealing in securities) regulated activity
"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 a subsidiary of the Company
"CFSG Group"	CFSG and its subsidiaries
"CFSG Share Option Scheme"	the share option scheme adopted by CFSG 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
"CG Code"	the Corporate Governance Code as contained in the Listing Rules
"CG Report"	the corporate governance report of the Company covering the year ended 31 December 2013 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

Definitions (continued)

"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
"Company Secretary"	the company secretary of the Company
"CRMG" or "CRM(HK)"	CASH Retail Management (HK) Limited, a company incorporated in the British Virgin Islands with limited liability. It is currently a non-wholly-owned subsidiary of the Company and is the holding company of the CRMG Group, the retail manegement business
"CRMG Group"	CRMG and its subsidiaries which mainly engage in the retail management business in Hong Kong and China
"Directors"	the directors of the Company
"ED(s)"	the executive Director(s) of the Company
"Group" or "CASH Group"	the Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"INED(s)"	the independent non-executive Director(s) of the Company
"Infinity"	Infinity Equity Management Company Limited, a company incorporated in Hong Kong with limited liability, which is engaged in business of venture capital and private equity management in the PRC
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"Management"	the management team of the Company
"Model Code"	the required standards of dealings regarding securities transactions by Directors or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
"NED(s)"	the non-executive Director(s) of the Company
"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 online gaming services business
"New Share Option Scheme"	the existing share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 21 May 2012
"PRC"	the People's Republic of China
"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)

Definitions (continued)

"SGM(s)"	the special general meeting(s) of the Company
"Share(s)"	ordinary shares of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$" or "USD"	United States dollar(s), the lawful currency of the United States

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