

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

20 February 2006

**The GEM Listing Committee of The Stock Exchange of Hong Kong Limited
(the “GEM Listing Committee”)**

criticises

**CASH Financial Services Group Limited (the “Company”)
for breaching the Rules Governing the Listing of Securities on the
Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
(the “GEM Listing Rules”)**

At a disciplinary hearing held on 28 November 2005, the GEM Listing Committee conducted a hearing into possible breaches of the GEM Listing Rules by the Company of its obligations under the then Rule 17.15 and Rule 17.22 of the GEM Listing Rules.

Facts

The Company was required under:

- (i) the then Rule 17.15 of the GEM Listing Rules to disclose the relevant advance to an entity from the Company or any of its subsidiaries which exceeded 25 per cent of the Company’s net tangible assets; and
- (ii) Rule 17.22 of the GEM Listing Rules to disclose the information specified under Rule 17.17 in the Company’s half-year, quarterly or annual report where the circumstances giving rise to a disclosure obligation under the then Rule 17.15 continued to exist at the Company’s half yearly or quarterly period end or annual financial year end.

From a review by the Listing Division of the Company’s results announcement for the six months ended 30 June 2002, it emerged that approximately \$25,220,000 and \$26,361,000 were due from companies controlled by Mr Kwan Pak Hoo, Bankee (“Mr Kwan”) as at 31 December 2001 and 30 June 2002 respectively, Mr Kwan being the Chairman and an executive director of the Company. These amounts were in excess of the 25 per cent threshold under the then Rule 17.15 as of the end of the financial periods in question. The Company did not make the relevant disclosure under the then Rule 17.15 and Rule 17.22 and was unaware of the non-compliance until receipt of a letter from the Listing Division dated 9 September 2002.

The Company published an announcement on 14 May 2003 containing the relevant information and admitting a breach of the said provisions. According to the announcement, the obligation under the then Rule 17.15 first arose on 15 March 2002 being the date for the publication of the annual results for 2001.

The Listing Division alleged that the Company breached the then Rule 17.15 and Rule 17.22 of the GEM Listing Rules.

The Decision

The GEM Listing Committee concluded that the Company breached the then Rule 17.15 and Rule 17.22 of the GEM Listing Rules.

The GEM Listing Committee decided to impose a public statement which involved criticism on the Company for the said breaches.

Head of Listing, Richard Williams commented, “Rule 17.15 in the form existing at the relevant time and Rule 17.22 which is unchanged imposed and continue to impose clearly defined and unambiguous obligations on listed issuers to disclose advances of a particular size and magnitude.

It is important that listed issuers establish adequate and effective internal control systems to monitor transactions of this character in order to ensure compliance with the disclosure obligations found in those rules. It is equally important for the listed issuers to review and monitor the efficiency of such system from time to time and to make improvements as necessary.

The facts of this case demonstrate that although the Company did have compliance systems they were not sufficiently efficient and effective to detect the significance of the transactions in question with the result that important information which should have been available to shareholders and investors was not delivered to the market in a timely manner”.