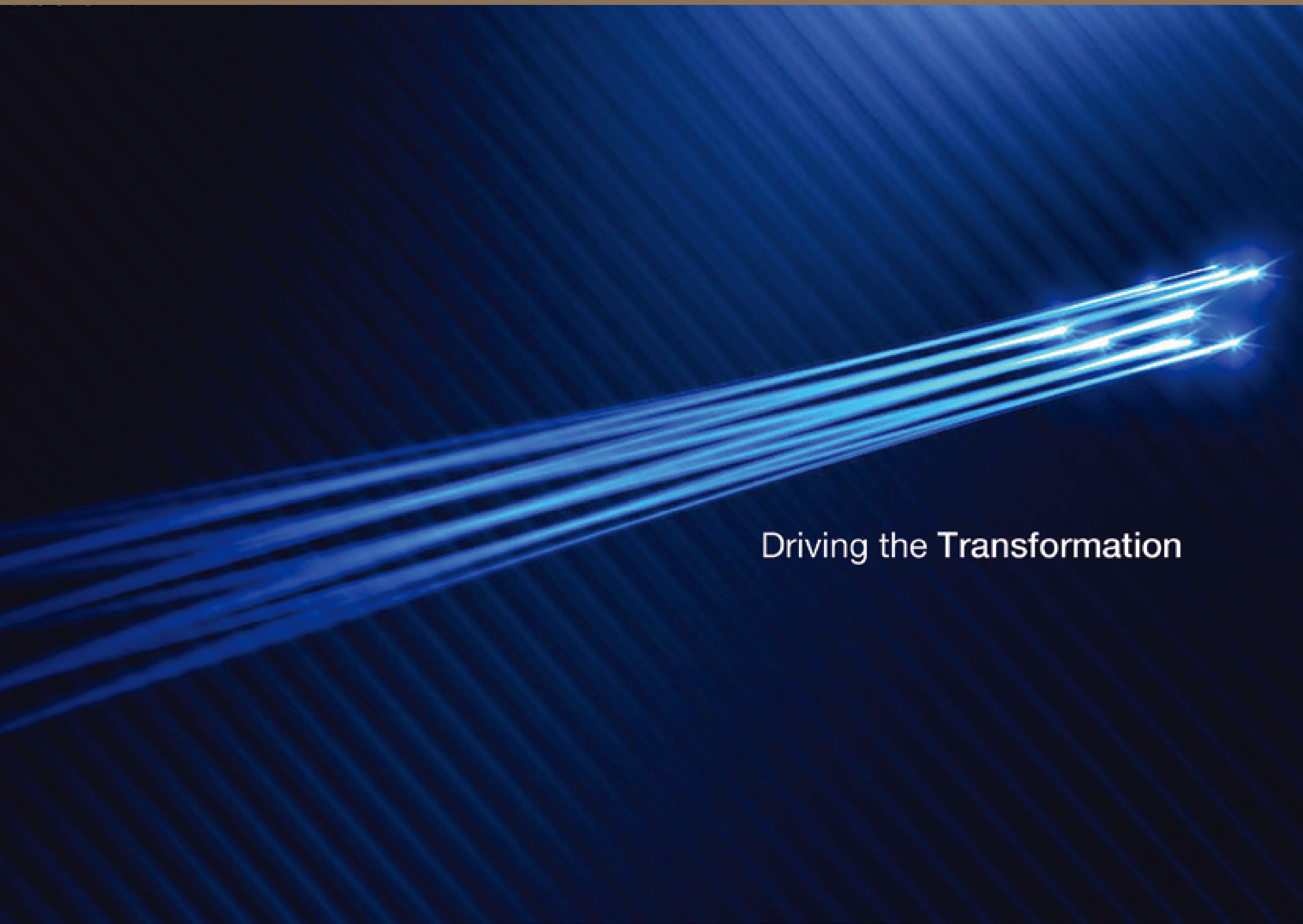

CASH Financial Services Group Limited

(Stock Code: 510)

2013 Annual Report

Contents

Company Profile

COMPANY PROFILE

CASH Financial Services Group Limited ("CFSG", stock code: 510) is a leading financial services conglomerate in China. Established in 1972, CFSG provides a comprehensive range of financial products and quality services that include mobile and premium trading, investment banking, algo trading and corporate finance advisory, wealth and asset management, alternative trading, etc, for the versatile investment and wealth management needs of our broad-based clients.

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 meet the investment needs of clients in today's borderless world. In 1998, CFSG was the first in Hong Kong to develop electronic trading via the Internet, demonstrating our innovation and dedication to integrating technology into daily life. As technologies advance, CFSG is dedicated to enhancing the trading experience of our clients. We further developed the mobile trading services by introducing various stock and futures trading apps on iPhone, iPad and Android operating systems, enabling institutional, corporate, commercial and individual clients to obtain instant market information while at the same time trade anytime, anywhere, borderless.

Our mission is to be a "Total Caring Organisation": creating values for stakeholders, delivering superior shareholder returns, caring for employees' welfare, being a trusted partner to clients we serve and a responsible corporate citizen in the communities and environment we operate.

Our shareholders include ARTAR Group, one of Saudi Arabia's top 10 prominent investment groups. The alliance has broadened CFSG's shareholder base from Asia to the Middle East, raising our international recognition.

Leveraging our advanced electronic trading platform, CFSG has developed an extensive distribution network to reach our institutional, corporate and individual clients across China. Along with our headquarters in Hong Kong, we have established a Mainland head office in Shanghai, with branch offices strategically located in other provinces.

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, Distinguished Salespersons Awards from the Hong Kong Management Association, a Certificate of Merit of the Hong Kong Awards for Industries in Technological Achievement from the Hong Kong Productivity Council, a Certificate of Merit of the Hong Kong Awards for Industries in Innovation and Creativity from the Hong Kong General Chamber of Commerce, a Certificate of Merit of Wastewi$e Label" in Hong Kong Awards for Environmental Excellence from Environmental Campaign Committee, a Certificate of Merit in the Best Brand Enterprise Award from the Hong Kong Productivity Council, etc.

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

Corporate Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee	(Chairman)
CHAN Chi Ming Benson	(CEO)
LAW Ping Wah Bernard	(CFO)
CHENG Pui Lai Majone	(Deputy CEO)

Independent Non-executive:

CHENG Shu Shing Raymond
LO Kwok Hung John
LO Ming Chi Charles

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

LUKE Wing Sheung Suzanne, FCIS, FCS

AUTHORISED REPRESENTATIVES

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

PRINCIPAL BANKERS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

SOLICITORS

Sidley Austin

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21/F Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.cashon-line.com

STOCK CODE ON MAIN BOARD

510

CONTACTS

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

Chairman's Letter

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Despite some signs of recovery in the US and stabilisation in the Eurozone market, the external environment continued to be challenging in 2013. Locally, average daily turnover increased 16% while that for the ETFs soared by 75%. The financial services industry in Hong Kong has been undergoing socio-technological and infrastructural changes since the launch of electronic trading at the turn of last century, as technology advances and value of traditional brokerage services diminishes. The rise of algorithm (algo) trading in recent years was attributed greatly to its proven performance based on scientific, quantitative models compared to traditional strategies, especially during volatile markets.

With an aim to continuously providing value-added services to our diverse client base, CFSG continued its transformation from a retail-oriented brokerage into a technology-driven financial services house during the year. We constantly diversify our product portfolio to include multi asset classes. On the other hand, we carry on converging our trading platforms into an advanced electronic trading platform to facilitate clients' direct access anytime, anywhere. In this technology and knowledge age, all market participants are heading towards the "go direct" way.

With years of development and modification, CFSG now has a world-class Information and Communication Technology (ICT) system with direct market access (DMA), high efficiency and low latency. To offer our clients direct and efficient access to a broader range of financial products and a wider investor base, CFSG became the first and the only participant of Borse Frankfurt in Asia in 2013. We also got connected to Chicago Mercantile Exchange (CME) as a direct participant to get access to their Globex trading platform for their broad range of international benchmark products. During the year, CFSG became market maker of Hang Seng Index Options and Mini-Hang Seng Index Options of the Hong Kong Exchange. We are also a market maker of CME for the RMB currency futures. These are all milestone moves for our algo business development.

The success of our algo trading business hinges on the development of algo strategies and methodologies with stringent pre-execution risk control and post-trade assessment. We value the importance of talent development and we build our algo trading teams with top-notch expertise from different professional areas, such as mathematics, statistics, quantitative finance, physics, computer science, and information technology, electrical and electronic engineering, economics and finance. Our teams comprise renowned scholars, professors and industry practitioners from the IVEY League and world-renowned universities. To strengthen our team, CFSG is devoting more resources to recruit and retain high caliber professionals in the furtherance of our business.

Back in the 1990s, CFSG was the first financial institution in Hong Kong to establish an electronic trading platform. Over the years, the Group has committed extensive resources to talent and technology development. We have reliable and well established trading platforms with continuous enhancement. We are also one of the first movers to subscribe for the hosting services offered by the HKEx and move into its low-latency co-location data centre at Tseung Kwan O Industrial Estate. With our algo infrastructure in place, we are dedicated to redefining 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.

We believe that electronic trading with algorithms is an irreversible world trend. In 2014, we expect that our algo business will be launched to cope with the versatile demand from investors and clients around the globe.

Last but not least, I would like to take this opportunity to thank the Board of Directors and my dedicated and loyal employees for their unreserved support during the Group's transformation.

Yours sincerely,

Bankee Kwan

Bankee P. Kwan
Chairman
CASH Financial Services Group Limited

Financial Review

FINANCIAL REVIEW

On 15 May 2013, the Group announced to distribute all of its shares in CRMG to its qualified shareholders through the Distribution In Specie which was subsequently completed on 28 June 2013. As such, the CRMG Group (Retail Management Business), ceased to be a subsidiary of the Group since 28 June 2013. The revenue and operating results of the Retail Management Business for the period from 1 January 2013 to 27 June 2013 were disclosed as profit for the year from discontinued operations. The Group has restated the financial information of 2012 for comparison purpose. Despite of the rising input costs during the relevant period, Retail Management Business reported a net profit of HK$3.3 million which was contributed by its successful launch of various innovative products and services.

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$59.1 million as compared to a net loss of HK$33.5 million in 2012.

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, 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 net commission income resulting from the escalating cut-throat competition among local brokers, FSG recorded a net segment loss of HK$17.5 million for the year ended 31 December 2013 as compared to a net segment loss of HK$9.3 million (restated) in 2012. While the Group continues to maintain stringent cost controls over its operations amid the tough business environment in the local investment industry, it has dedicated its 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 its algorithmic trading business for its institutional, corporate and individual investors for their versatile investment and wealth management needs.

RETAIL MANAGEMENT BUSINESS (THE GROUP'S DISCONTINUED OPERATION)

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. In the first half of 2013, total number of transactions for residential property dropped remarkably by about 33% as compared with the same corresponding period in 2012. To cope with these challenges, we have continued to step up our cost rationalisation measures and improved our operational efficiency while in the meantime, we have adopted a new branding campaign namely "Living Smart". New innovative products focusing on living space optimisation were introduced to the market during the Relevant Period. Despite the challenging business environment, the Retail Management Business reported a revenue of HK$546.3 million and an operating profit of HK$3.3 million during the Relevant Period, which was regarded as result from discontinued operations.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's total equity amounted to HK$562.2 million as at 31 December 2013 as compared to HK$921.4 million at the end of the previous year. The decrease was due to the reported loss for the year under review and the distribution in specie of all shares of CRMG.

As at 31 December 2013, the Group had total outstanding bank borrowings of approximately HK$256.2 million, comprising of bank loans of HK$220.1 million, mortgage loans of HK$23.7 million and bank overdrafts of HK$12.4 million. Bank loans and overdrafts in aggregate of HK$176.9 million were collateralised by its margin clients' securities pledged to the Group. Mortgage loans in aggregate of HK$23.7 million were secured by the Group's investment properties with a total carrying amount of approximately HK$57.1 million. The remaining bank loans and overdrafts in aggregate of HK$55.6 million were secured by corporate guarantees from the Company.

Pursuant to a letter of undertaking provided by the Group to a bank, the Group undertakes to maintain deposits of not less than HK$15.0 million with the bank as a pre-condition for an overdraft facility of HK$15.0 million granted by this bank. Accordingly, bank deposits in aggregate of approximately HK$17.2 million were held for this purpose and presented as bank deposits subject to conditions as at 31 December 2013.

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.

As at 31 December 2013, our cash and bank balances including the trust and segregated accounts totalled HK$969.4 million as compared to HK$1,164.1 million as at 31 December 2012. The reduction in cash and bank balances was mainly related to the exclusion of the Retail Management Business from consolidation after the completion of the distribution in specie on 28 June 2013. The Group derives its revenue mainly in HK$ and maintains its house fund mainly in HK$. The liquidity ratio as at 31 December 2013 remained healthy at 1.2 times, being at the similar level as at 31 December 2012.

The gearing ratio as at 31 December 2013, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, increased to 45.6% from 41.6% as at 31 December 2012. The increase was due to further deposits made for the acquisition of properties and the net effect arising from the exclusion of the Retail Management Business from consolidation which changed the basis of calculation. On the other hand, we have no material contingent liabilities at the year-end.

Foreign Exchange Risks

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

Material Acquisitions and Disposals

On 3 December 2012, a subsidiary of the Company entered into a subscription agreement relating to a discloseable transaction for subscription of 20% equity interest in Infinity 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 (43) to the consolidated financial statements and the announcement of the Company dated 3 December 2012.

On 15 May 2013, the Company issued an announcement in relation to the Distribution In Specie. The Distribution In Specie was approved by the Shareholders at the SGM held on 21 June 2013 and was completed on 28 June 2013. Since then, CRMG ceased as a subsidiary of the Company. Details of the transaction are disclosed in the various announcements and circular issued by the Company from May to June 2013.

On 14 November 2013, the Company announced a major transaction in relation to the disposal of the whole floor of 22/F of Rykadan Capital Tower, No. 135–137 Hoi Bun Road, Kwun Tong, Kowloon, together with four car parking spaces in the same building, by the Group at the total consideration of approximately HK$135,000,000 in cash. The disposal of the said property was approved by the shareholders of the Company at the SGM held on 23 December 2013 and was completed on 20 January 2014. Details of the transaction are disclosed in the announcement of the Company dated 14 November 2013 and the circular dated 5 December 2013.

On 24 January 2014, subsequent to the balance sheet date, the Company announced the disposal of entire equity interest in Changyu (Shanghai) Real Estate Management Co., Ltd. (an associated company of the Group, which owned and managed the property situated at "The Point Jingan, No.555 Anyuan Road, Jing'An District, Shanghai, PRC") at the total 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 or 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 commitment are also disclosed in note (43) 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$54.7 million. The net gain derived from investments held for trading of HK$67.8 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

INDUSTRY AND BUSINESS REVIEW

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

Financial Services Business — FSG

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 (the Group's discontinued operation)

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Employee Information

EMPLOYEE INFORMATION

As at 31 December 2013, the Group had 233 employees related to financial services business. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees for the year under review was HK$167.8 million, of which HK$103.7 million related to financial services business and HK$64.1 million related to the discontinued operation of retailing business.

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 11 August 2000. He is responsible for the overall business strategy of the Group. Mr Kwan has extensive experience in corporate management, strategic planning, marketing management, financial advisory and banking. 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 CASH. He is a member of the Remuneration Committee, as well as a member of the remuneration committee of CASH.

Benson Chi-ming CHAN

CEO

MBA, BA, FCCA, CPA, MHKSI

Mr Chan, aged 47, joined the Board on 5 October 2007. He is in charge of the Group's overall business development and management. Mr Chan has extensive experience in the field of auditing, accounting, investment banking and corporate finance. He graduated from The Hong Kong University of Science and Technology with a Master Degree of Business Administration and from The Hong Kong Polytechnic University with a Bachelor of Arts (Hons.) 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 a member of the Hong Kong Securities Institute. He is also the managing director and a responsible officer of Celestial Capital (the investment banking group of the Group).

Bernard Ping-wah LAW

CFO

MBA, FCCA, FCPA, MHKSI

Mr Law, aged 55, joined the Board on 11 August 2000. 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. Mr Law is also an executive director and chief financial officer of CASH.

Majone Pui-lai CHENG

Deputy CEO

MSc, BEcon

Ms Cheng, aged 41, joined the Board on 1 June 2011. She helps oversee the Group's business development and management of the Group. Ms Cheng has extensive relevant experiences in the financial services industry. She graduated from The University of London, UK with a Master Degree of Science in Financial Management and from The University of Hong Kong with a Bachelor Degree in Economics. Ms Cheng is a responsible officer of Celestial Securities and Celestial Commodities respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Raymond Shu-shing CHENG

INED

Mr Cheng, aged 58, joined the Board on 18 September 2002. Mr Cheng has extensive experience in watch manufacturing industry and is the managing director of a watch manufacturing and trading company in Hong Kong. He is an honorary fellow of The Professional Validation Centre of Hong Kong Business Sector and a member of Young Industrialists Council Ltd. Mr Cheng was the winner of The Young Industrialist Awards for the year 1992, a member of The Watches and Clocks Advisory Committee of Hong Kong Trade Development Council and the president of the Lions Club of Tuen Mun. He was the chairman of The Federation of Hong Kong Watch Trades and Industries Limited and is currently an advisor of the federation. Mr Cheng is also the chairman of the Audit Committee and the Remuneration Committee.

John Kwok-hung LO

INED

MBA, LL.B, FCCA, CFC

Mr Lo, aged 55, joined the Board on 27 September 2005. Mr Lo has extensive experience in the accounting, auditing and finance field. He graduated from The Oklahoma City University, US with a Master Degree in Business Administration and from The University of London, UK with a Bachelor Degree in Laws. Mr Lo is a fellow of The Association of Chartered Certified Accountants. Mr Lo is also a Certified Financial Consultant of US. Mr Lo is also a member of the Audit Committee.

Charles Ming-chi LO

INED

CPA, FFSI

Mr Lo, aged 64, joined the Board on 27 October 2008. Mr Lo has extensive professional and business experience in financial and investment services in Australia, Hong Kong and other Asian countries. He is a Certified Practising Accountant of the CPA, Australia, and a fellow member of the Financial Services Institute of Australasia. Mr Lo is also a member of the Audit Committee and the Remuneration Committee.

SENIOR MANAGEMENT

Sammy Wing-cheong TSUI

Executive Director and Chief Executive Officer of CASH

Mr Tsui, aged 49, joined the Group 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 Centre of the University of Hong Kong.

Derek Hin-sing NG

Executive Director of CASH and Chief Executive Officer of Pricerite

MBA, BA, CFP[CM]

Mr Ng, aged 45, joined the Group in January 1997. 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 received a Master Degree of Business Administration from Southern Illinois University Carbondale in US and a Bachelor Degree of Arts from Ottawa University in US. He is a CERTIFIED FINANCIAL PLANNER[CM] professional.

Hilton Kwok-hung CHAN

Chief Technology Officer

PhD

Dr Chan, aged 51, joined the Group in December 2013. He is responsible for overseeing the Group's IT architect and platform development, devise IT strategy in particular to develop the Algorithmic Trading business. He is an expert in computer forensics and information intelligence with application in IT-Business strategies, corporate IT architectural design and information communication technology infrastructure development. Dr Chan received a Doctorate Degree of Philosophy in Information System Management from The Hong Kong University of Science and Technology.

Connie Wai-yin SHUM

COO

MAcc, BBA

Ms Shum, aged 39, joined the Group in March 1999. She is in charge of the Group's overall operations. She has extensive experience in compliance, risk management and credit control, and operations. Ms Shum received a Master Degree of Professional Accounting from the Hong Kong Polytechnic University and a Bachelor Degree of Business Administration (Hons) in Finance from the Hong Kong Baptist University.

Wing-kai WONG

Managing Director, CASH Dynamic Opportunities Investment Limited

PhD, MCS, BSc

Dr Wong, aged 46, joined the Group in April 2009. He is responsible for overseeing the Group's investment activities. He has extensive experience in the field of strategic investment and portfolio management. Dr Wong received a Doctorate Degree of Philosophy in Physics and a Master Degree in Computer Science from Stanford University, and a Bachelor Degree of Science from the University of Hong Kong.

Eric Di WU

Vice President, Quantitative Trader, CASH Talent Investment Limited

PhD, BCS

Dr Wu, aged 30, joined the Group in January 2013. He is responsible for designing business and technology strategy for the Group. He has extensive management and technology transfer experience in large information technology companies. Dr Wu received a Doctorate Degree of Philosophy in System Engineering and Engineering Management from The Chinese University of Hong Kong and a Bachelor Degree of Computer Science from The University of Science and Technology of China.

Daphne Wai-suen NG

Managing Director, Investment Banking Group

MSc, BA, ACIS, ACS, MHKSI

Ms Ng, aged 44, joined the Group in October 1998. She is in charge of the Group's corporate finance advisory services and investment banking services. She has extensive experience in the field of corporate finance and investment banking. Ms Ng received a Master Degree of Science in Financial Analysis from The Hong Kong University of Science and Technology and a Bachelor Degree of Arts (Honours) in Accountancy from The Hong Kong Polytechnic University, and was admitted an Associate of The Institute of Chartered Secretaries and Administrators. She is also a member of Hong Kong Securities Institute. She is a responsible officer of Celestial Capital.

Angela Sze-kai WONG

Managing Director, CASH China

EMBA, CFA

Ms Wong, aged 46, joined the Group in February 2004. She is in charge of the overall China operations and business development of the Group. She has extensive experience in financial services and wealth management in North America, Hong Kong and China. Ms Wong received an Executive Master Degree of Business Administration from Tsinghua University, Beijing and is a Chartered Financial Analyst.

Horace Pak-leung KWAN

Deputy Chief Operating Officer

MHKSI

Mr Kwan, aged 50, joined the Group in March 1998. He assumes the overall responsibility for the operation support to the retail brokerage services. He has extensive experience in equity dealings, operations and product knowledge. He is an ordinary member of Hong Kong Securities Institute. Mr Kwan is a responsible officer of Celestial Securities and Celestial Commodities respectively. He is the brother of Mr Kwan Pak Hoo Bankee (the chairman of the Group) and the spouse of Ms Chan Siu Fei Susanna (a senior management of the Group).

Patrick Ho-yin YIU

Head of Asset Management

BEcon

Mr Yiu, aged 40, joined the Group in April 2006. He is in charge of the Group's asset management services. He has extensive relevant experience in the financial services field. Mr Yiu received a Bachelor Degree of Economics from The Chinese University of Hong Kong. He is a responsible officer of CASH Asset Management and CASH Wealth Management.

Chris Ka-ho TAM

Director, Premium Investment Services

MPhil, BSc

Mr Tam, aged 32, joined the Group in September 2013. He is in charge of the Premium investment services department and is responsible for the investment services and business development of wealth management products. He has extensive experience in investment services. Mr Tam received a Master Degree of Philosophy and a Bachelor Degree of Science from The University of Hong Kong.

Alfred Ka-chun MA

Senior vice president, Algorithmic Trading Strategist

PhD, MPhil, BSc, CFA, PRM, ASA

Dr Ma, aged 34, joined the Group in August 2013. He is responsible for developing and overseeing the Algorithmic Trading business of the Group. Prior to joining the Group, Dr Ma was an Assistant Professor of Department of Finance, The Chinese University of Hong Kong and specialised in asset liability management, portfolio management and high frequency finance. He received a Doctorate Degree of Philosophy in Operations Research from Columbia University, a Master Degree of Philosophy and a Bachelor Degree of Science from the Chinese University of Hong Kong. Dr Ma is a Chartered Financial Analyst, a Professional Risk Manager and an associate of the Society of Actuaries.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Richard Sa CUI

Managing Director, CASH Talent Investment Limited

MCS, BSC

Mr Cui, aged 35, joined the Group in January 2014. He is responsible for the development and overall management of the business of CASH Talent Investment. He has extensive experience in building a high frequency equity trading system and develop quantitative algorithmic trading strategies on multiple asset classes on global markets. Mr Cui received a Master of Arts Degree in Computer Science from Boston University and a Bachelor Degree of Computer Science from the University of Science and Technology of China.

Susanna Siu-fei CHAN

General Manager, Service Assurance

BBS

Ms Chan, aged 41, joined the Group in February 1998. She is responsible for the management of various teams of account executives and relationship managers of the Group and providing premium brokerage services for the clients. She has extensive experience in business operations of the securities brokerage industry. Ms Chan received a Bachelor Degree of Business Studies in Management from National University of Ireland. She is the spouse of Mr Kwan Pak Leung Horace (a senior management of the Group).

Winky Wing-hang YAN

Head of Information Technology

BEng

Mr Yan, aged 37, joined the Group in September 1998. He is responsible for all computer system and operation issues of the Group. He has extensive experience in computer and information technology in the financial services industry. Mr Yan received a Bachelor Degree of Engineering in Computer Science from The Hong Kong University of Science and Technology.

Wallace Hon-ming WONG

Financial Controller

BA, CPA

Mr Wong, aged 47, joined the Group in March 2000. He has extensive relevant experiences in the field of accounting and auditing. Mr Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr Wong received a Bachelor Degree of Arts in Accountancy from The City University of Hong Kong.

Kathy Wai-ling HUI

Head of Compliance and Control

LL.B, PCL

Ms Hui, aged 29, joined the Group in September 2009. She assumes the overall responsibility for the compliance, risk management and credit control. She will focus on internal control, audit and compliance of the Group. Ms Hui received a Bachelor Degree in Laws and Business Studies (LLB) from The University of Birmingham, UK and a Postgraduate Certificate in Laws from the University of Hong Kong. She is also a qualified solicitor in Hong Kong.

Suzanne Wing-sheung LUKE

Company Secretary

FCIS, FCS

Ms Luke, aged 45, 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, Ms Luke is also the company secretary of CASH.

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. 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.

ii. According to code provision A.6.7, the INEDs 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 of the Company held during the year, details of which are set out on page 31 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 22 to 23 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 served as the Chairman of the Board throughout the year and is responsible for formulating the strategies and policies of the business development of the Group, and overseeing the functioning of the Board. Mr Chan Chi Ming Benson, the CEO, is responsible for the Group's overall business development and management and attending to the formulation and successful implementation of the Group's policies. The division of the responsibilities between the Chairman and the CEO has been established and set out clearly in writing.

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)
Chan Chi Ming Benson	(a), (b), (d)
Law Ping Wah Bernard	(a), (b), (c), (e)
Cheng Pui Lai Majone	(a), (b), (d), (e)
Cheng Man Pan Ben (resigned on 31 December 2013)	(a), (b), (d)
Cheng Shu Shing Raymond	(b)
Lo Kwok Hung John	(b)
Lo Ming Chi Charles	(b)

Notes:

(a) Global and local financial market, investment and 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.

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	10/10	6/6	N/A	1/1	1/1	3/3
Chan Chi Ming Benson	10/10	6/6	N/A	N/A	1/1	3/3
Law Ping Wah Bernard	9/10	6/6	N/A	N/A	1/1	3/3
Cheng Pui Lai Majone	9/10	6/6	N/A	N/A	1/1	3/3
Cheng Man Pan Ben *(Note)*	9/10	6/6	N/A	N/A	1/1	3/3
INEDs						
Cheng Shu Shing Raymond	N/A	6/6	4/4	1/1	1/1	2/3
Lo Kwok Hung John	N/A	6/6	4/4	N/A	1/1	2/3
Lo Ming Chi Charles	N/A	6/6	4/4	1/1	1/1	1/3
Total number of meetings held:	10	6	4	1	1	3

Note: Mr Cheng Man Pan Ben resigned as an ED on 31 December 2013.

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 30 OCTOBER 2000)*

The Audit Committee comprises three INEDs, namely Mr Cheng Shu Shing Raymond (chairman of the committee), Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles.

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 30 OCTOBER 2000)*

The Remuneration Committee comprises two INEDs, Mr Cheng Shu Shing Raymond (chairman of the committee) and Mr Lo Ming Chi Charles, 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 Februry 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 11 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, 1 meeting was held by the executive Directors in resolving resignation of an ED 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 11 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.

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. Monitoring of the internal control system and risk management is mainly relied on the Risk Management and Credit Control Department and Compliance Department.

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 http://www.cashon-line.com. 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.

CORPORATE GOVERNANCE REPORT

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: cfsg510@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.

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 AGM. 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	1,640,000
Non-audit services:	
Review of the preliminary results announcement	22,000
Review of circular for the Distribution In Specie	700,000
	2,362,000

On behalf of the Board
Bankee P. Kwan
Chairman

Hong Kong, 17 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 are the provision of (a) online and traditional brokerage of securities, futures and options contracts as well as mutual funds and insurance-linked investment products, (b) principal investments of securities and options, (c) margin financing and money lending services, and (d) corporate finance services.

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 51 of this annual report.

On 15 May 2013, the Company announced the Distribution In Specie of all the issued shares of CRMG by the Company to the qualifying Shareholders on the basis of one share in CRMG for one share held in the Company on the record date of 27 June 2013. The Distribution In Specie was approved by the Shareholders at the SGM held on 21 June 2013 and was completed on 28 June 2013. Details of the transaction are disclosed in the various announcements and circular issued by the Company from May to June 2013.

The Board does not recommend the payment of any 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 page 137 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 19 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 37 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

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

As at 31 December 2013, the reserves of the Company available for distribution to shareholders were approximately HK$55,024,000, comprising contributed surplus of HK$80,000 and retained earnings of HK$54,944,000. And the Company's share premium available for distribution in the form of fully paid bonus shares was HK$359,940,000.

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.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

(a) Margin Financing Arrangement

As disclosed in the Company's announcement dated 14 December 2012, Celestial Securities (a wholly-owned subsidiary of the Group) 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.

As at the date of the margin financing agreements, (i) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard were executive directors of the Company and CASH; (ii) Mr Chan Chi Ming Benson, Ms Cheng Pui Lai Majone and Mr Cheng Man Pan Ben were executive Directors of the Company; (iii) Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond were directors of subsidiaries of the Group and executive directors of CASH; (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 CASH, the substantial Shareholder. All of the connected clients 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) as at the date of the margin financing agreements. The granting of margin financing facilities by the Company under the margin financing arrangement constituted continuing connected transactions relating to financial assistance for the Company under the Listing Rules. The margin financing arrangement was approved by the independent Shareholders at a SGM held on 22 January 2013. Details of the margin financing arrangement were disclosed in the Company's circular dated 2 January 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 30 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.

(b) Transaction between CASH Group and the CRMG Group

On 14 December 2011, CASH (the substantial Shareholder) and CRMG (a wholly-owned subsidiary of the Company at the date of renewal agreement) entered into a renewal agreement to renew the sub-leasing arrangement dated 19 December 2008. Pursuant to the renewal agreement, a wholly-owned subsidiary of CASH Group will continue to sub-lease around 60% of floor area of its office premises to the CRMG Group as its office premises at 28/F Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong for two years commencing from 1 January 2012 and expiring on 31 December 2013 at the annual cap of rental (including rent and management fees) of not exceeding HK$5 million in total. Details of the renewal agreement were disclosed in the Company's announcement dated 14 December 2011.

Upon the Distribution Completion on 28 June 2013, CRMG ceased to be a subsidiary of the Group and remains as a subsidiary of CASH held under CIGL directly. Accordingly, the sub-leasing arrangement between CASH Group and the CRMG Group ceased to be a continuing connected transaction for the Company under the Listing Rules with effect from 28 June 2013.

The actual amount involved in the sub-leasing arrangement above during for the period from 1 January 2013 to 27 June 2013 did not exceed the annual cap of HK$5 million, and is set out in note 45 to the consolidated financial statements.

(c) Provision of financial guarantees

CRMG was a wholly-owned subsidiary of the Company before the Distribution Completion, and the Company had been providing financial guarantees to the banks in respect of the banking facilities granted to the CRMG Group for a total amount of not exceeding HK$267 million per annum. Upon the Distribution Completion on 28 June 2013, CRMG ceased to be a subsidiary of the Group and remains as a subsidiary of CASH held under CIGL directly. Accordingly, the financial guarantees provided by the Company would be released and new financial guarantees would be provided by CASH subsequent to the Distribution Completion. Upon the discussion with the various bankers, it would take a transitional period from the Distribution Completion up to 31 December 2013 for the completion of change of the provision of financial guarantees to the CRMG Group from the Company to CASH.

Upon the Distribution Completion on 28 June 2013, CASH remains as a connected person of the Company and CRMG became a connected person of the Company. The provision of aforesaid financial guarantees during the transitional period constituted a continuing connected transaction of the Company under the Listing Rules. Details of the transaction were disclosed in the Company's announcements dated 5 June 2013 and 28 June 2013.

The changeover of provision of the financial guarantees from the Company to CASH to the CRMG Group had been completed during the transitional period, and all the financial guarantees provided by the Company to the CRMG Group were terminated as at 31 December 2013. The actual amount involved in the provision of financial guarantees above during the transitional period from 28 June 2013 to 31 December 2013 did not exceed the annual cap of HK$267 million.

The aforesaid continuing connected transactions of the Company have been reviewed by the INEDs. The INEDs have confirmed that the continuing connected transactions have 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 them on terms that are 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 transactions 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 transactions disclosed above that (a) have received the approval of the Board; (b) have been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties; (c) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and (d) have not exceeded the relevant cap amount for the financial year ended 31 December 2013 as set out in the announcements as disclosed above.

RELATED PARTIES TRANSACTIONS

The Group has entered into related party 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; or (iii) connected transactions exempted from reporting, announcement, annual review and independent shareholders' approval requirements of the Listing Rules. 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

The Company did not have any fund raising activity during the year under review.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

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

Executive Directors:

Kwan Pak Hoo Bankee
Chan Chi Ming Benson
Law Ping Wah Bernard
Cheng Pui Lai Majone
Cheng Man Pan Ben (resigned on 31 December 2013)

Independent Non-executive Directors:

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

The following Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM:

(i) Mr Chan Chi Ming Benson and Mr Law Ping Wah Bernard, being EDs, shall retire at least once in every 3 years at the AGM in accordance with the Company's bye-laws and corporate governance code; and

(ii) Mr Cheng Shu Shing Raymond, Mr Lo Kwok Hung John and Mr Lo Ming Chi Charles, all being INEDs, shall retire at the AGM 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 AGM 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 Transactions" in this section above, no Director had a material interest in, either directly or indirectly, any contract of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the financial year under review.

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

(a) Long positions in the Shares

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
Chan Chi Ming Benson	Beneficial owner	55,000,000	—	1.41
Law Ping Wah Bernard	Beneficial owner	27,506,160	—	0.70
Lo Kwok Hung John	Beneficial owner	2,095,500	—	0.05
		84,601,660	1,725,160,589	46.64

* 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 CASH (the holding company of the Company)), and as to 67,359,520 Shares by Cash Guardian (which was 100% beneficially owned by Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan was and deemed to be interested in a total of 32.42% shareholding interest in CASH, details of which are disclosed in the heading of "Substantial Shareholders" below. Mr Kwan was deemed to be interested in all these Shares held by CIGL and Cash Guardian as a result of his interests in CASH and Cash Guardian pursuant to the SFO.

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

Name	Date of grant	Option period	Notes	Exercise price per share (HK$)	Number of options: outstanding as at 1 January 2013	Number of options: lapsed during the year (Note (4))	Number of options: 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	(1)&(3)	0.0930	39,000,000	—	39,000,000	1.01
Chan Chi Ming Benson	15/6/2009	15/6/2009–30/6/2013	(2)(A)	0.1335	16,500,000	(16,500,000)	—	—
	11/10/2012	11/10/2012–31/10/2014	(3)	0.0930	39,000,000	—	39,000,000	1.01
Law Ping Wah Bernard	11/10/2012	11/10/2012–31/10/2014	(3)	0.0930	39,000,000	—	39,000,000	1.01
Cheng Man Pan Ben (Note(5))	15/6/2009	15/6/2009–30/6/2013	(2)(A)	0.1335	16,500,000	(16,500,000)	N/A	N/A
	11/10/2012	11/10/2012–31/10/2014	(3)	0.0930	39,000,000	(39,000,000)	N/A	N/A
Cheng Pui Lai Majone	15/10/2010	15/10/2010–31/10/2013	(2)(B)	0.2764	5,500,000	(5,500,000)	—	—
	11/10/2012	11/10/2012–31/10/2014	(3)	0.0930	39,000,000	—	39,000,000	1.01
					233,500,000	(77,500,000)	156,000,000	4.04

Notes:

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

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

(A) Options granted on 15 June 2009

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.

(B) Options granted on 15 October 2010

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.

(3) The vesting of certain 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.

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

(5) Mr Cheng Man Pan Ben resigned as an ED on 31 December 2013.

(6) The options are held by the directors of the Company in the capacity of beneficial owners.

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

B. Associated corporations (within the meaning of SFO)

(i) CASH

(a) Long positions in the ordinary shares of HK$0.10 each

		Number of shares		
Name	**Capacity**	**Personal**	**Corporate interest**	**Shareholding** (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,840,000	176,805,205*	32.42
Chan Chi Ming Benson	Beneficial owner	2,212,200	—	0.40
Law Ping Wah Bernard	Beneficial owner	18,230,208	—	3.29
		23,282,408	176,805,205	36.11

* The shares were held by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in Cash Guardian.

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

Name	Date of grant	Option period	Exercise price per share (Note (2)) (HK$)	Notes	Number of options: outstanding as at 1 January 2013	adjusted during the year (Note (2))	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)&(3)	3,600,000	450,000	4,050,000	0.73
Chan Chi Ming Benson	11/10/2012	11/10/2012–31/10/2014	0.6240	(3)	2,000,000	250,000	2,250,000	0.41
Law Ping Wah Bernard	11/10/2012	11/10/2012–31/10/2014	0.6240	(3)	3,600,000	450,000	4,050,000	0.73
					9,200,000	1,150,000	10,350,000	1.87

Notes:

(1) Mr Kwan is also the substantial shareholder of CASH.

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

(3) The vesting of the options is subject to achievement of agreed milestones/performance indicators as determined at the sole discretion of the board of directors of CASH 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 options are held by the directors of CASH in the capacity of beneficial owners.

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

(ii) CRMG (a subsidiary of CASH)

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 was deemed to be interested in all these shares as a result of his interests in CIGL.

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).

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to an ordinary resolution passed at the SGM of the Company held on 22 February 2008, which took effect on 3 March 2008. Particulars of the terms of the Share Option Scheme are set out in note 44 to the consolidated financial statements. The following table discloses details of the Company's share options granted under the Share Option Scheme held by the Directors and the employees of the Group and movements in such holdings during the year ended 31 December 2013.

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))	outstanding as at 31 December 2013
Directors							
The Share Option Scheme	15/6/2009	15/6/2009–30/6/2013	0.1335	(1)&(2)(A)(i)	33,000,000	(33,000,000)	—
	15/10/2010	15/10/2010–31/10/2013	0.2764	(1)&(2)(B)(i)	5,500,000	(5,500,000)	—
	11/10/2012	11/10/2012–31/10/2014	0.0930	(1)&(3)(iv)	195,000,000	(39,000,000)	156,000,000
					233,500,000	(77,500,000)	156,000,000
Employees and consultants							
The Share Option Scheme	15/6/2009	15/6/2009–30/6/2013	0.1335	(2)(A)(i)	16,500,000	(16,500,000)	—
		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)	8,250,000	(8,250,000)	—
		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)	119,000,000	—	119,000,000
					351,650,000	(232,650,000)	119,000,000
					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 director with members of the Group.

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

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	1,725,160,589	44.48
Cash Guardian (Note (1))	Interest in a controlled corporation	1,725,160,589	44.48
CASH (Note (1))	Interest in a controlled corporation	1,657,801,069	42.75
Praise Joy Limited (Note (1))	Interest in a controlled corporation	1,657,801,069	42.75
CIGL (Note (1))	Beneficial owner	1,657,801,069	42.75
Mr Al-Rashid, Abdulrahman Saad ("Mr Al-Rashid") (Note (2))	Interest in a controlled corporation	315,131,640	8.12
Abdulrahman Saad Al-Rashid & Sons Company Limited ("ARTAR") (Note (2))	Beneficial owner	315,131,640	8.12

Notes:

(1) This refers to the same number of 1,725,160,589 Shares which 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 CASH (the holding company of the Company)) and as to 67,359,520 Shares by Cash Guardian. CASH was owned as to a total of approximately 32.42% by Mr Kwan, being approximately 31.91% by Cash Guardian (a wholly-owned subsidiary of Hobart Assets Limited, which in turn was 100% beneficially owned by Mr Kwan) and approximately 0.51% by Mr Kwan in his personal name. Pursuant to the SFO, Mr Kwan and Hobart Assets Limited were deemed to be interested in all the Shares held by CIGL through CASH and Cash Guardian. The above interest has already been disclosed as corporate interest of Mr Kwan in the section headed "Directors' interests in securities" above.

(2) This refers to the same number of 315,131,640 Shares held by ARTAR. ARTAR was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the Shares held by ARTAR.

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 and 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's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

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 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Bankee P. Kwan
Chairman

Hong Kong, 17 March 2014

Independent Auditor's Report

Deloitte.
德勤

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TO THE MEMBERS OF CASH FINANCIAL SERVICES GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CASH Financial Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 133, 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report (continued)

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
17 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 (restated)
Continuing operations			
Revenue	5	**194,565**	185,449
Other income	7	**8,717**	5,872
Other gains and losses	8	**65,166**	91,862
Salaries, commission and related benefits	9	**(157,340)**	(156,100)
Depreciation		**(26,160)**	(32,204)
Finance costs	10	**(9,794)**	(6,237)
Other operating and administrative expenses		**(136,916)**	(135,603)
Change in fair value of investment properties	20	**(5,083)**	(3,068)
Share of (loss) profit of associate	27	**(9)**	14,045
Loss before taxation		**(66,854)**	(35,984)
Income tax credit (expense)	14	**4,439**	(2,126)
Loss for the year from continuing operations	17	**(62,415)**	(38,110)
Discontinued operations			
Profit for the year from discontinued operations	15	**3,270**	4,586
Loss for the year		**(59,145)**	(33,524)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**5,772**	80
Other comprehensive income for the year (net of tax)		**5,772**	80
Total comprehensive expense for the year		**(53,373)**	(33,444)
(Loss) profit for the year attributable to the owners of the Company			
— from continuing operations		**(62,412)**	(43,285)
— from discontinued operations		**3,270**	4,586
		(59,142)	(38,699)
(Loss) profit for the year attributable to non-controlling interests			
— from continuing operations		**(3)**	5,175
		(59,145)	(33,524)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(55,199)**	(38,619)
Non-controlling interests		**1,826**	5,175
		(53,373)	(33,444)
Loss per share for loss attributable to the owners of the Company during the year	18		
From continuing and discontinued operations			
— Basic (HK cents)		**(1.53)**	(0.99)
— Diluted (HK cents)		**(1.53)**	(0.99)
From continuing operations			
— Basic (HK cents)		**(1.61)**	(1.11)
— Diluted (HK cents)		**(1.61)**	(1.11)

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Property and equipment	19	**33,860**	81,315
Investment properties	20	**57,112**	68,832
Goodwill	21	**2,661**	2,661
Intangible assets	22	**9,752**	321,059
Other assets	24	**34,052**	37,020
Rental and utility deposits		**4,267**	34,091
Available-for-sale financial assets	25	**21,031**	—
Interest in an associate	27	**158,154**	152,939
Loan to an associate	27	**—**	10,296
Loans receivable	26	**1,480**	—
Deferred tax assets	16	**1,000**	6,700
		323,369	714,913
Current assets			
Inventories	28	**—**	56,785
Accounts receivable	30	**608,324**	920,032
Loans receivable	26	**23,951**	61,496
Loan to an associate	27	**10,296**	—
Other assets	24	**29,084**	—
Prepayments, deposits and other receivables	36	**47,089**	38,351
Tax recoverable		**3,582**	3,536
Investments held for trading	31	**54,735**	123,206
Bank deposits subject to conditions	32	**17,155**	90,555
Bank balances — trust and segregated accounts	29	**784,704**	782,293
Bank balances (general accounts) and cash	29	**167,505**	291,250
		1,746,425	2,367,504
Current liabilities			
Accounts payable	33	**1,032,388**	1,590,760
Financial liabilities at fair value through profit or loss	39	**19,701**	—
Accrued liabilities and other payables	38	**115,285**	89,427
Taxation payable		**7,395**	14,031
Obligations under finance leases — amount due within one year	34	**—**	263
Bank borrowings — amount due within one year	35	**233,625**	356,914
Amount due to a fellow subsidiary	29	**47,621**	—
Loan from a non-controlling shareholder	29	**27,437**	27,437
		1,483,452	2,078,832
Net current assets		**262,973**	288,672
Total assets less current liabilities		**586,342**	1,003,585

Consolidated Statement of Financial Position (continued)

At 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Deferred tax liabilities	16	**1,569**	55,841
Bank borrowings — amount due after one year	35	**22,575**	26,331
		24,144	82,172
Net assets		**562,198**	921,413
Capital and reserves			
Share capital	37	**77,558**	77,558
Reserves		**448,526**	809,567
Equity attributable to owners of the Company		**526,084**	887,125
Non-controlling interests		**36,114**	34,288
Total equity		**562,198**	921,413

The consolidated financial statements on pages 51 to 133 were approved and authorised for issue by the Board of Directors on 17 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 equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (Note 1)	Share-based payment reserve HK$'000	Translation reserve HK$'000	Retained earnings (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012	78,382	461,665	176,788	28,151	13,319	169,426	927,731	33,363	961,094
Loss for the year	—	—	—	—	—	(38,699)	(38,699)	5,175	(33,524)
Exchange differences arising on translation of foreign operations	—	—	—	—	80	—	80	—	80
Other comprehensive income for the year (net of tax)	—	—	—	—	80	—	80	—	80
Total comprehensive income for the year	—	—	—	—	80	(38,699)	(38,619)	5,175	(33,444)
Share-based compensation	—	—	—	562	—	—	562	—	562
Amount transferred to retained earnings as a result of expiration of share option	—	—	—	(20,899)	—	20,899	—	—	—
Dividends to non-controlling interest	—	—	—	—	—	—	—	(4,250)	(4,250)
Share repurchased and cancelled	(824)	(1,725)	—	—	—	—	(2,549)	—	(2,549)
At 31 December 2012	77,558	459,940	176,788	7,814	13,399	151,626	887,125	34,288	921,413
Loss for the year	—	—	—	—	—	(59,142)	(59,142)	(3)	(59,145)
Exchange differences arising on translation of foreign operations	—	—	—	—	3,943	—	3,943	1,829	5,772
Other comprehensive income for the year (net of tax)	—	—	—	—	3,943	—	3,943	1,829	5,772
Total comprehensive income (expenses) for the year	—	—	—	—	3,943	(59,142)	(55,199)	1,826	(53,373)
Amount transferred to retained earnings as a result of expiration of share option	—	—	—	(7,814)	—	7,814	—	—	—
Amount transfer from contributed surplus to retained earnings (Note 2)	—	—	(159,000)	—	—	159,000	—	—	—
Special dividend by way of distribution in specie of shares in a subsidiary (note 13)	—	—	—	—	—	(305,842)	(305,842)	—	(305,842)
Released upon distribution in specie of shares in a subsidiary	—	—	—	—	(831)	831	—	—	—
Amount transfer from share premium to contributed surplus (Note 2)	—	(100,000)	100,000	—	—	—	—	—	—
At 31 December 2013	**77,558**	**359,940**	**117,788**	**—**	**16,511**	**(45,713)**	**526,084**	**36,114**	**562,198**

Note 1: The contributed surplus of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate of the nominal amount of the issued share capital and the reserves of CASH on-line Limited, the then holding company of the Group prior to the group reorganisation, pursuant to the group reorganisation after deducting the expenses in connection with the listing of the Company's shares and the acquisition of subsidiaries, and the net amount arising from the capital reduction, reduction of share premium account and amounts transferred to eliminate accumulated losses.

Note 2: Pursuant to the Company Act 1981 of Bermuda and the special resolution passed at the last annual general meeting, transfer a sum of HK$100 million from share premium account to the contributed surplus was approved. The Directors further approved to transfer a sum of HK$159 million from contributed surplus to retained earnings for the purpose of dividend distribution at Board of Directors meeting held on 31 May 2013.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Operating activities		**(59,145)**	(33,524)
Loss for the year			
Adjustments for:			
Income tax		**(3,439)**	10,126
Write-down on inventories		**1,140**	5,348
Depreciation of property and equipment	19	**35,691**	56,629
Interest expense		**12,483**	10,277
Change in fair value of investment properties	20	**5,083**	3,068
Impairment loss on property and equipment		**—**	4,664
Loss on disposal/written off of property and equipment		**6,607**	621
Allowance on bad and doubtful loans receivable	8	**1,000**	9,700
Impairment on intangible assets	22	**300**	—
Written back of bad debt on accounts receivable and other receivables, net	30	**(2,048)**	(1)
Share-based compensation	44	**—**	562
Share of loss (profit) of an associate	27	**9**	(14,045)
Operating cash flows before movements in working capital		**(2,319)**	53,425
Decrease (increase) in rental and utility deposits		**2,760**	(127)
Decrease (increase) in inventories		**841**	(2,710)
Decrease (increase) in accounts receivable		**313,756**	(105,745)
Decrease (increase) in loans receivable		**35,065**	(26,704)
(Increase) decrease in prepayments, deposits and other receivables		**(39,010)**	1,799
Decrease (increase) in investments held for trading		**58,887**	(96,245)
Increase in bank balances — trust and segregated accounts		**(2,411)**	(87,768)
Increase in financial liabilities at fair value through profit or loss		**19,701**	—
(Decrease) increase in accounts payable		**(407,588)**	204,620
Decrease in accrued liabilities and other payables		**(11,043)**	(56,063)
Cash used in operations		**(31,361)**	(115,518)
Income taxes refunded		**681**	1,651
Income taxes paid		**(426)**	(4,852)
Net cash used in operating activities		**(31,106)**	(118,719)
Investing activities			
Acquisition of available-for-sale financial assets		**(21,031)**	—
Settlement of consideration on disposals of investment properties in prior year		**6,458**	—
Increase in bank deposits subject to conditions		**—**	(10,515)
Placement of statutory and other deposits		**(2,705)**	(6,529)
Deposit paid for purchase of properties		**(23,411)**	(23,014)
Purchases of property and equipment		**(18,574)**	(28,816)
Proceeds on disposal of investment properties		**7,986**	8,149
Net cash used in investing activities		**(51,277)**	(60,725)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2013

	NOTES	**2013 HK$'000**	2012 HK$'000
Financing activities			
Distribution in species of shares in a subsidiary	40	**(86,157)**	—
Increase in bank borrowings		**28,920**	75,648
Advance of loan payable		**38,100**	—
Payment on repurchase of shares		**—**	(2,549)
Repayment to a fellow subsidiary		**(7,328)**	—
Dividends paid to non-controlling interest		**—**	(4,250)
Interest paid on bank borrowings		**(12,476)**	(10,259)
Interest paid on obligations under finance leases	10	**(7)**	(18)
Repayment of obligations under finance leases		**(263)**	(289)
Net cash (used in) from financing activities		**(39,211)**	58,283
Net decrease in cash and cash equivalents		**(121,594)**	(121,161)
Cash and cash equivalents at beginning of year		**291,250**	414,079
Effect of change in foreign exchange rate		**(2,151)**	(1,668)
Cash and cash equivalents at end of year		**167,505**	291,250
Bank balances (general accounts) and cash		**167,505**	291,250

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL

CASH Financial Services Group Limited ("Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, while the address of the principal place of business of the Company is 21/F Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

As at 31 December 2013, Celestial Investment Group Limited ("CIGL"), a wholly owned subsidiary of Celestial Asia Securities Holdings Limited ("CASH"), owned 42.75% (2012: 42.75%) of ordinary shares of the Company and holds the same percentage of voting rights in the Company. Taking into account the relevant facts and circumstances, particularly the size of the CIGL's holding of voting rights relative to the size and dispersion of holdings of other vote holders, the Company has been regarded as a subsidiary of CIGL and CASH under the definition of control and the related guidance set out in Hong Kong Financial Reporting Standards ("HKFRS") 10 "Consolidated financial statements".

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

- provision of online and traditional brokerage of securities, futures and options as well as mutual funds and insurance-linked investment products;
- principal investments of securities and options;
- provision of margin financing and money lending services;
- provision of corporate finance services; and

The Group also engaged in sales of furniture and household goods and electrical appliances which was discontinued in current year upon Distribution in Specie (defined and explained in note 15).

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

2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in current year.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income

In addition, the Group also early applied the amendments to HKAS 36 "Recoverable amount disclosures for non-financial assets" in the current financial year.

2. APPLICATION OF NEW AND REVISED HKFRSs (continued)

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on 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 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 house. Detailed disclosures are set out in note 42.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impacts of the application of HKFRS 10 and HKFRS 12 are set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) INT — 12 "Consolidation — Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Directors of the Company reviewed and assessed the nature of the Group's investees in accordance with the requirements of HKFRS 10 and concluded that the application of the amendments has had no material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs (continued)

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements in relation to the Group's interest in an associate and the non-controlling interests of a non-wholly owned subsidiary (notes 27 and 47 for details).

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, except for share based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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 the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. In addition, HKFRS 13 requires that the fair value measurement of a non-financial asset should take 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 these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (notes 20 and 42 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". The amendments introduce new terminology for the statement of comprehensive income and income statement. Under 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'. In addition, 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.

2. APPLICATION OF NEW AND REVISED HKFRSs (continued)

Amendments to HKAS 36 Recoverable amount disclosures for non-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 broking of securities, corporate finances and retailing CGUs (containing goodwill, trading rights and trademarks) had not been disclosed in these consolidated financial statements.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
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: Employee 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]
HK(IFRIC) — INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, which early application is permitted.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes 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.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- 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, under HKFRS 9, 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.

Based on an analysis of the Group's financial instruments as at 31 December 2013, the Directors of the Company consider that the application of HKFRS 9 would affect the classification and measurement of the Group's available for sales investment but is unlikely to have material impact on the Group's other financial assets and financial liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the considerations 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 and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item 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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's 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 when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, 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 on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. 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.

Distribution in specie

Where the Company distributed ownership interests of a subsidiary to its equity holders and the aforesaid subsidiary would be ultimately controlled by the same party or parties before and after the distribution, the dividend declared is measured as the net carrying amounts of the assets and liabilities of the relevant subsidiary.

The subsidiary is classified as disposal group held for distribution to equity holders when the Group is committed to distribute and the distribution is highly probable. Immediately before the initial classification of the disposal group held for distribution to equity holders, the carrying amounts of all the assets and liabilities of the disposal group were measured in accordance with applicable accounting policies set out in this note.

Disposal group classified as held for distribution to equity holders is measured at the lower of its carrying amounts and fair value less costs to distribute.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. 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, an investment in an associate is initially recognised in the consolidated statement of financial position at cost 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 exceeds the Group's interest in that 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

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.

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 is 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 sales of goods arising from retailing business is recognised when goods are delivered and titles have passed.

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.

Property and equipment

Property and equipment held for use in the production or supply of goods and services, or for administrative purpose are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

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 their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

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 on borrowing costs 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

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 its 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, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Payments to state-managed benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses 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 "profit before tax" 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 end 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 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 arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 the 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.

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.

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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

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).

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 (which is regarded as their cost).

Subsequent to initial recognition, 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 lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

Financial instruments

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

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

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 the nature and purpose of the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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.

The Group's financial assets at FVTPL comprise financial assets 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 42.

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, loans receivable, loan to an associate, other receivables, bank balances and bank deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or financial assets at FVTPL or held-to-maturity investments.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive 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 the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

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

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

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

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, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised 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 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 the accounts receivable and loans receivable are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt 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 entered into and the definitions of a financial liability and an equity instrument.

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.

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 labilities 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 8.

Other financial liabilities

Financial liabilities (including accounts payable, other payables, bank borrowings, amount due to a fellow subsidiary and loan from a non-controlling shareholder) are subsequently measured at amortised cost, using the effective interest method.

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial liabilities and equity instruments* (continued)**

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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share 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-based payment 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-based payment 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-based payment reserve will be transferred to retained earnings.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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. Where 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 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 immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the management has made various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements within the next financial year are disclosed below.

Allowance for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on the evaluation of collectability, 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 and loans receivable is HK$633,755,000 (2012: HK$981,528,000) (net of allowance for bad and doubtful debts).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Income taxes

No deferred tax asset was recognised in the Group's consolidated statement of financial position in relation to the remaining estimated unused tax losses of approximately HK$266,511,000 (2012: HK$213,246,000). 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 case where the actual future profits generated are more than expected, further recognition of deferred tax asset in relation to unutilised tax losses may arise, which would be recognised in the profit or loss for the period in which such a recognition takes place.

Estimated impairment of property and equipment, goodwill, trading rights and trademark

Assessing impairment requires estimation of recoverable amounts of the relevant property and equipment, trading rights and trademark or the respective cash generating units ("CGUs") in which the goodwill, property and equipment as well as trading rights and trademark belong, which is higher of value in use and fair value less cost of disposal. If there is any indication that an asset may be impaired, the Group estimates the recoverable amount for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the respective recoverable amounts of the CGUs of corporate finance, broking of securities and retailing business to which the goodwill, trading rights and trademark as well as property and equipment belong.

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the 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 flows estimates have not been adjusted. Where the actual future cash flows are less than expected or there is downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, a material impairment loss may arise.

In 2013, the fair value less cost of disposal of CGU of retailing business immediately before the initial classification as disposal group held for distribution is determined using market comparable approach that reflects the market price-to-earnings ratio in similar industry, adjusted for the marketability and control premium of the net asset value of CGU of retailing business.

As at 31 December 2013, the carrying amounts of goodwill, trading rights and trademark amounted to HK$2,661,000, HK$9,092,000 and nil (2012: HK$2,661,000, HK$9,392,000 and HK$311,007,000) respectively. The trademark allocated CGU of retailing business was derecognised upon Distribution in Specie as detailed in note 15.

Estimated impairment of accounts receivable from a broker

As described in note 30, 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 are of the view that the Group will recover the carrying amount at the end of the reporting period. In case 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.

5. REVENUE

	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations		
Fees and commission income	**168,308**	163,599
Interest income	**26,257**	21,850
	194,565	185,449

6. SEGMENT INFORMATION

Reportable and operating segments

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products or services provided, with each operating segment representing a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Upon completion of Distribution in Specie of shares in a subsidiary which represented the retail business operating segment, the Group has only one reportable and operating segment, which is financial services business. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Operations regarding retailing business were discontinued on 28 June 2013. The segment information reported below does not include any amounts for the discontinued operations, which are described in more details in note 15.

Segment revenue and result

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by each segment before change in fair value of investment properties, share-based compensation, share of result of associate and unallocated expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance.

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

6. SEGMENT INFORMATION (continued)

Reportable and operating segments (continued)

Segment revenue and result (continued)

For the year ended 31 December 2013

Continuing operations

	Financial services HK$'000	Total HK$'000
Revenue	**194,565**	**194,565**
RESULT		
Segment loss	**(17,460)**	**(17,460)**
Change in fair value of investment properties		**(5,083)**
Share of loss of associate		**(9)**
Unallocated expenses		**(44,302)**
Loss before taxation (continuing operations)		**(66,854)**

For the year ended 31 December 2012 (restated)

Continuing operations

	Financial services HK$'000	Total HK$'000
Revenue	185,449	185,449
RESULT		
Segment loss (restated)	(9,320)	(9,320)
Change in fair value of investment properties		(3,068)
Share-based compensation		(562)
Share of profit of associate		14,045
Unallocated expenses		(37,079)
Loss before taxation (continuing operations)		(35,984)

All the segment revenue is derived from external customers.

6. SEGMENT INFORMATION (continued)

Reportable and operating segments (continued)

Segment assets and liabilities

All assets are allocated to operating segment other than interest in an associate, investment properties, loan to an associate and other unallocated property and equipment and other assets. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All liabilities are allocated to operating segment other than unallocated deferred tax liabilities, loan from a non-controlling shareholder, amount due to a fellow subsidiary and unallocated bank borrowings and accrued liabilities. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

As at 31 December 2013

	Financial services HK$'000	Total HK$'000
ASSETS		
Segment assets	1,752,580	1,752,580
Interest in an associate		158,154
Other assets		63,136
Investment properties		57,112
Loan to an associate		10,296
Other unallocated assets		28,516
Consolidated total assets		2,069,794
LIABILITIES		
Segment liabilities	1,407,294	1,407,294
Loan from a non-controlling shareholder		27,437
Deferred tax liabilities		1,569
Amount due to a fellow subsidiary		47,621
Other unallocated liabilities		23,675
Consolidated total liabilities		1,507,596

6. SEGMENT INFORMATION (continued)

Reportable and operating segments (continued)

Segment assets and liabilities (continued)

As at 31 December 2012

	Financial services HK$'000	Total HK$'000
ASSETS		
Segment assets	2,171,075	2,171,075
Interest in an associate		152,939
Other assets		37,020
Investment properties		68,832
Loan to an associate		10,296
Other unallocated assets		6,116
Total segment assets		2,446,278
Assets relating to discontinued operations		636,139
Consolidated total assets		3,082,417
LIABILITIES		
Segment liabilities	1,685,700	1,685,700
Unallocated deferred tax liabilities		4,525
Loan from a non-controlling shareholder		27,437
Other unallocated liabilities		58,301
Total segment liabilities		1,775,963
Liabilities relating to discontinued operations		385,041
Consolidated total liabilities		2,161,004

6. SEGMENT INFORMATION (continued)

Other information

For the year ended 31 December 2013

	Financial services HK$'000	**Unallocated amount HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:			
Interest income	**26,257**	**—**	**26,257**
Depreciation	**(12,383)**	**(13,777)**	**(26,160)**
Finance costs	**(8,925)**	**(869)**	**(9,794)**
Net gain on investment held for trading	**67,781**	**—**	**67,781**
Impairment of intangible assets	**(300)**	**—**	**(300)**
Allowance on bad and doubtful loans receivable	**(1,000)**	**—**	**(1,000)**
Write back of bad debt on accounts receivable, net	**2,048**	**—**	**2,048**
Addition to non-current assets	**11,349**	**12,440**	**23,789**
Net foreign exchange gain	**1,989**	**1,115**	**3,104**

For the year ended 31 December 2012

	Financial services HK$'000	Unallocated amount HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Interest income	21,850	—	21,850
Depreciation	(12,885)	(19,319)	(32,204)
Finance costs	(5,003)	(1,234)	(6,237)
Net gain on investment held for trading	100,860	—	100,860
Loss on disposal/written off of property and equipment	(5)	(554)	(559)
Allowance on bad and doubtful loans receivable	(9,700)	—	(9,700)
Additions to non-current assets	11,925	37,119	49,044
Net foreign exchange gain	617	643	1,260

6. SEGMENT INFORMATION (continued)

Entity-wide disclosures

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's segment revenue from external customers and information about its non-current assets (excluding financial instruments and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (Place of domicile)	**194,565**	185,449	**82,643**	456,024
PRC	**—**	—	**217,215**	241,893
Total	**194,565**	185,449	**299,858**	697,917

There were no customers for the years ended 31 December 2013 and 2012, contributing over 10% of the Group's total revenue.

7. OTHER INCOME

	2013	2012
	HK$'000	HK$'000
		(restated)
Continuing operations		
Dividends from listed investments held for trading	**1,929**	2,587
Consulting fee income	**5,657**	1,805
Sundry income	**1,131**	1,480
	8,717	5,872

8. OTHER GAINS AND (LOSSES)

	2013	2012
	HK$'000	HK$'000
		(restated)
Continuing operations		
Net gains on investments held for trading	**67,781**	100,860
Loss on disposal/written off of property and equipment	**(6,467)**	(559)
Net foreign exchange gain	**3,104**	1,260
Write back of bad debt on accounts receivable, net	**2,048**	1
Allowance on bad and doubtful loans receivable	**(1,000)**	(9,700)
Impairment on intangible assets	**(300)**	—
	65,166	91,862

9. SALARIES, COMMISSION AND RELATED BENEFITS

	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations		
Salaries, allowances and commission represent the amounts paid and payable to the directors of the Company and employees and account executives and comprise:		
Salaries, allowances and commission	**152,142**	153,520
Share-based compensation	**—**	562
Contributions to retirement benefits schemes	**5,198**	2,018
	157,340	156,100

10. FINANCE COSTS

	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations		
Interest on:		
Bank overdrafts and borrowings:		
— repayable within five years	**8,919**	4,985
— repayable more than five years	**868**	1,234
Finance leases	**7**	18
	9,794	6,237

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	Kwan Pak Hoo Bankee HK$'000	Chan Chi Ming Benson HK$'000	Law Ping Wah Bernard HK$'000	Cheng Man Pan Ben HK$'000	Cheng Pui Lai Majone HK$'000	Cheng Shu Shing Raymond HK$'000	Lo Kwok Hung John HK$'000	Lo Ming Chi Charles HK$'000	2013 Total HK$'000
Fees:									
Executive directors	—	—	—	—	—	—	—	—	—
Independent non-executive directors	—	—	—	—	—	150	150	150	450
Other remuneration paid to executive directors:									
Salaries, allowances and benefits in kind	1,219	1,370	743	1,198	572	—	—	—	5,102
Share-based compensation	—	—	—	—	—	—	—	—	—
Contributions to retirement benefit scheme	61	96	37	60	29	—	—	—	283
Total remuneration	1,280	1,466	780	1,258	601	150	150	150	5,835

	Kwan Pak Hoo Bankee HK$'000	Chan Chi Ming Benson HK$'000	Law Ping Wah Bernard HK$'000	Cheng Man Pan Ben HK$'000	Cheng Pui Lai Majone HK$'000	Cheng Shu Shing Raymond HK$'000	Lo Kwok Hung John HK$'000	Lo Ming Chi Charles HK$'000	2012 Total HK$'000
Fees:									
Executive directors	—	—	—	—	—	—	—	—	—
Independent non-executive directors	—	—	—	—	—	150	150	150	450
Other remuneration paid to executive directors:									
Salaries, allowances and benefits in kind	1,933	1,610	743	1,358	632	—	—	—	6,276
Share-based compensation	—	—	—	—	155	—	—	—	155
Contributions to retirement benefit scheme	61	108	37	68	32	—	—	—	306
Total remuneration	1,994	1,718	780	1,426	819	150	150	150	7,187

Mr Chan Chi Ming Benson is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the years ended 31 December 2013 and 2012, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration during the years ended 31 December 2013 and 2012.

12. EMPLOYEES' REMUNERATION

One (2012: three) of the five individuals with the highest emoluments in the Group were directors of the Company for the years ended 31 December 2013 and 2012. Details of these directors' emolument are included in the disclosures in note 11 above. The emoluments of the remaining four (2012: two) individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	7,100	3,777
Contributions to retirement benefit scheme	360	187
Performance related incentive payments (note)	16,870	24,265
	24,330	28,229

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

The remuneration of the remaining four (2012: two) individuals (other than directors) were within the following bands:

	Number of employees 2013	2012
HK$1,500,001 to HK$2,000,000	1	—
HK$2,500,001 to HK$3,000,000	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$21,000,001 to HK$21,500,000	—	1
	4	2

During the years ended 31 December 2013 and 2012, no remuneration was paid by the Group to the remaining four (2012: two) individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year:		
Special dividend by way of Distribution in Specie of shares in a subsidiary (defined and explained in note 15)	305,842	—

Pursuant to the approval by the shareholders of the Company at the special general meeting held on 21 June 2013, the Company distributed the ordinary shares in the capital of CASH Retail Management (HK) Limited in specie to the shareholders. The amount of dividends is based on the net carrying amount of CASH Retail Management (HK) Limited and its subsidiary amounting to HK$305,842,000 at the time of distribution. Details of the assets and liabilities distributed are set out in note 40.

The directors of the Company do not recommend the payment of final dividend for the year ended 31 December 2013 (2012: Nil).

14. INCOME TAX (CREDIT) EXPENSE

	2013 **HK$'000**	2012 HK$'000 (restated)
Continuing operations		
Current tax:		
— Hong Kong Profits Tax	**650**	2,926
Over provision in prior years	**(2,133)**	(102)
Deferred tax (note 16)	**(2,956)**	(698)
	(4,439)	2,126

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 (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The taxation 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 **HK$'000**	2012 HK$'000
Loss before taxation	**(66,854)**	(35,984)
Taxation at income tax rate of 16.5%	**(11,032)**	(5,938)
Tax effect of share of loss (profit) of associate	**1**	(2,317)
Overprovision in respect of prior years	**(2,133)**	(102)
Tax effect of expenses not deductible for tax purpose	**298**	91
Tax effect of income not taxable for tax purpose	**(1,123)**	(615)
Tax effect of utilisation of estimated tax losses previously not recognised	**(324)**	(2,195)
Tax effect of estimated tax losses not recognised	**11,876**	9,061
Tax effect of deductible temporary difference not recognised	**—**	1,601
Others	**(2,002)**	2,540
Income tax (credit) expense	**(4,439)**	2,126

15. DISCONTINUED OPERATIONS

Pursuant to a special general meeting held on 21 June 2013, the shareholders of the Company approved a group restructuring which involved the transfer of shares in the subsidiary carrying out retailing business in HK and PRC to shareholders of the Company. Pursuant to the group restructuring, the Company distributed all of the ordinary shares in CASH Retail Management (HK) Limited to the shareholders of the Company ("Distribution in Specie"). Details of the group restructuring and Distribution in Specie are set out in the Company's announcements dated 15 May 2013, 5 June 2013 and 28 June 2013. The distribution was completed on 28 June 2013.

The profit for the year from the discontinued retailing operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the retailing operation as discontinued operations.

Profit for the year from discontinued operations

	1.1.2013 to 27.6.2013 HK$'000	Year ended 31.12.2012 HK$'000
Revenue	**546,315**	1,095,680
Other income	**2,221**	4,691
Cost of sales for retailing business	**(322,197)**	(647,983)
Salaries, commission and related benefits	**(64,128)**	(123,443)
Depreciation	**(9,531)**	(24,425)
Finance costs	**(2,689)**	(4,040)
Other operating and administrative expenses	**(145,721)**	(287,894)
Profit before tax	**4,270**	12,586
Income tax expenses	**(1,000)**	(8,000)
Profit for the year from discontinued operations	**3,270**	4,586
Profit for the year from discontinued operations attributable to owners of the Company	**3,270**	4,586
Profit for the year from discontinued operations has been arrived at after charging:		
Auditor's remuneration	**900**	756
Depreciation of property and equipment		
Owned assets	**9,531**	24,425
Operating lease rentals	**86,697**	179,804
Advertising and promotion expenses	**10,410**	21,764
Other selling and distribution expenses	**19,315**	37,211
Impairment loss on property and equipment	**—**	4,664
Loss on written off of property and equipment	**140**	62
Write-down on inventories	**1,140**	5,348

During the year, CASH Retail Management (HK) Limited and its subsidiary paid HK$38 million (2012: HK$46 million) to the Group's net operating cash flows, contributed HK$103 million (2012: HK$128 million) in respect of investing activities and paid HK$90 million (2012: HK$13 million) in respect of financing activities.

The carrying amount of assets and liabilities of CASH Retail Management (HK) Limited and its subsidiaries at the date of distribution are disclosed in Note 40.

16. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the current and the prior reporting 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
Derecognised on distribution of a subsidiary (note 40)	(5,700)
At 31 December 2013	1,000

Deferred tax liabilities

	Revaluation of investment properties	**Intangible asset**	**Interest in an associate**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2012	(4,223)	(51,316)	—	(55,539)
Credit (charge) to profit or loss for the year	1,102	—	(1,404)	(302)
At 31 December 2012	(3,121)	(51,316)	(1,404)	(55,841)
Credit to profit or loss for the year	1,552	—	1,404	2,956
Derecognised on distribution of a subsidiary (note 40)	—	51,316	—	51,316
At 31 December 2013	(1,569)	—	—	(1,569)

At 31 December 2013, the Group has deductible temporary difference and estimated unused tax losses of approximately HK$nil and HK$266,511,000 respectively (31 December 2012: HK$39,235,000 and HK$213,246,000), while HK$39,235,000 and HK$16,747,000 of deductible temporary difference and estimated unused tax losses was reduced due to distribution of a subsidiary and deregistration of subsidiaries in the PRC during the year ended 31 December 2013. No deferred tax asset has been recognised as at 31 December 2013 and 2012 in respect of these estimated unused tax losses as it is uncertain whether sufficient future taxable profits will be available in the future to offset the amount.

These estimated unused tax losses have no expiry date but are subject to further approval of the Hong Kong Inland Revenue Department. For certain subsidiaries operated in PRC, unrecognised estimated tax losses of HK$79,107,000 (2012: HK$95,177,000) are subject to expiry periods of five years from the year in which the tax losses arose under the current tax legislation.

17. LOSS FOR THE YEAR

	2013 HK$'000	2012 HK$'000 (restated)
Continuing operations		
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**1,640**	1,494
Depreciation of property and equipment		
Owned assets	**26,160**	31,899
Leased assets	**—**	305
Operating lease rentals	**30,273**	39,300
Handling expenses for securities dealing	**19,061**	24,388
Advertising and promotion expenses	**14,820**	8,861
Telecommunication expenses	**23,994**	15,968
Legal and professional fee	**14,633**	14,056

18. LOSS PER SHARE

For continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company for the year is based on the following data:

	2013 HK$'000	2012 HK$'000
Loss for the purposes of basic and diluted loss per share	**(59,142)**	(38,699)

	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**3,877,859,588**	3,907,301,998

For the years ended 31 December 2013 and 2012, the computation of diluted loss per share has not taken into account the effects of share options as it would result in decrease in loss per share.

18. LOSS PER SHARE (continued)

For continuing operations

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company for the year is based on the following data:

	2013	2012
	HK$'000	HK$'000
Loss for the purposes of basic and diluted loss per share	**(62,412)**	(43,285)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted earnings per share for discontinued operations is HK0.08 cent per share (2012: HK0.12 cent per share), based on the profit for the year from discontinued operations attributable to owners of the Company of HK$3,270,000 (2012: HK$4,586,000) and the denominators detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

19. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Computer and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST OR VALUATION					
At 1 January 2012	138,105	37,847	57,794	2,453	236,199
Exchange adjustments	117	42	—	9	168
Additions	18,553	1,718	8,545	—	28,816
Disposal/written off	(11,122)	(7,334)	(4,035)	—	(22,491)
At 31 December 2012	145,653	32,273	62,304	2,462	242,692
Exchange adjustments	798	167	—	6	971
Additions	6,896	2,475	9,203	—	18,574
Derecognised on distribution of a subsidiary	(60,257)	(2,381)	—	(476)	(63,114)
Disposal/written off	(63,296)	(25,337)	(16,238)	—	(104,871)
At 31 December 2013	29,794	7,197	55,269	1,992	94,252
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2012	67,782	16,149	36,466	1,496	121,893
Exchange adjustments	19	34	—	8	61
Provided for the year	37,517	8,016	10,743	353	56,629
Eliminated on disposal/written off	(11,122)	(6,765)	(3,983)	—	(21,870)
Impairment loss recognised in profit or loss	4,343	321	—	—	4,664
At 31 December 2012	98,539	17,755	43,226	1,857	161,377
Exchange adjustments	681	279	—	8	968
Provided for the year	22,023	5,447	7,961	260	35,691
Eliminated on distribution of a subsidiary	(38,920)	—	—	(460)	(39,380)
Eliminated on disposal/written off	(60,561)	(21,465)	(16,238)	—	(98,264)
At 31 December 2013	21,762	2,016	34,949	1,665	60,392
CARRYING VALUES					
At 31 December 2013	8,032	5,181	20,320	327	33,860
At 31 December 2012	47,114	14,518	19,078	605	81,315

19. PROPERTY AND EQUIPMENT (continued)

The carrying value of motor vehicles included amounts of HK$523,000 (2013: nil) held under finance leases as at 31 December 2012.

During the year ended 31 December 2013, the Group disposed/wrote off the leasehold improvements and furniture and fixtures with carrying amount of HK$6,607,000 (2012:HK$5,285,000) related to the closure of an offices and a retail shop in PRC.

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

Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture and fixtures	5 years
Computer and equipment	5 years
Motor vehicles	3 years

20. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2012	85,952
Net decrease in fair value recognised in profit or loss	(3,068)
Disposals	(14,607)
Exchange adjustments	555
CARRYING VALUE	
At 31 December 2012	68,832
Net 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 "change in fair value of investment properties"	(5,369)

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

The 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.

20. INVESTMENT PROPERTIES (continued)

The investment properties of the Group are situated on:

	2013 HK$'000	2012 HK$'000
Land outside Hong Kong		
— held on leases from 10–50 years	**36,322**	41,354
— held on leases over 50 years	**20,790**	27,478
	57,112	68,832

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2013 and 2012 has been arrived at on the basis of a valuation carried out on the respective dates by Peak Vision Appraisals Limited, independent qualified professional valuers not connected to the Group who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of properties situated in PRC classified in level 3 fair value hierarchy was determined based on the direct comparison approach assuming sale of the 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.

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

20. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties (continued)

Investment properties held by the Group	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
At 31 December 2013				
Residential property units outside Hong Kong	Level 3	Direct comparison method based on market observable transactions of the same building 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 the property concluding with a range of 0.5% to 3% View adjustment on the site view of the property concluding with adjustment of 3%	The higher level, the higher the fair value The better view, the higher the fair value

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

In estimating the fair value of the investment properties, 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.

21. GOODWILL

	2013 & 2012
	HK$'000
COST	
At 1 January 2012, 31 December 2012 and 31 December 2013	**5,380**
IMPAIRMENT	
At 1 January 2012, 31 December 2012 and 31 December 2013	**2,719**
CARRYING VALUE	
At 31 December 2012 and 31 December 2013	**2,661**

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

22. INTANGIBLE ASSETS

	Trading rights	Club memberships	Trademark	Total
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note a)	(Note b)	(Note c)	
COST AND CARRYING VALUES				
At 1 January 2012, 31 December 2012 and 1 January 2013	9,392	660	311,007	321,059
Derecognised on distribution of a subsidiary (note 40)	—	—	(311,007)	(311,007)
Impaired during the year	(300)	—	—	(300)
At 31 December 2013	9,092	660	—	9,752

Notes:

(a) At 31 December 2013, intangible assets amounting to HK$9,092,000 (2012: HK$9,392,000) represent trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange. At 31 December 2012, 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"). 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 of the impairment testing of remaining balance are disclosed in note 23.

(b) 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.

22. INTANGIBLE ASSETS (continued)

(c) At 31 December 2012, trademark amounting to HK$311,007,000 represented the perpetual right for the use of the brand name 'Pricerite' which takes the form of a sign, symbol, name, logo design or any combination thereof arising from acquisition of retail business. 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 supported 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 was 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 of the impairment testing are disclosed in note 23.

During the year ended 31 December 2013, the Group has distributed the shares of the subsidiary which holds the trademark to its shareholders as disclosed in note 40.

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

For the purposes of impairment testing, goodwill, trading rights and trademark set out in notes 21 and 22 have been allocated to the following cash generating units ("CGUs") respectively. The carrying amounts of goodwill, trading rights and trademark at the reporting dates allocated to these units are as follows:

	Goodwill	**Trading rights**		**Trademark**
	2013 & 2012	**2013**	**2012**	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial service — Broking of securities	—	9,092	9,392	—
Financial service — Corporate finance	2,661	—	—	—
Retailing business	—	—	—	311,007
	2,661	9,092	9,392	311,007

During the year ended 31 December 2013, management of the Group determines that there is no impairment of any of its CGUs containing goodwill or trading rights except for the full impairment provision of HK$300,000 made to trading right of HKME due to its voluntary surrender of authorisation to provide automatic trading services as mentioned in note 22.

The recoverable amounts of the CGUs of broking of securities and corporate finance have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a one-year period, and discount rate of 8% (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.

For the year ended 31 December 2012, the recoverable amount of the CGU of retailing business in Hong Kong 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%, discount rate of 19.6% and projection of terminal value using the perpetuity method at a growth rate of 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 CGU of retailing business was noted for the year ended 31 December 2012.

For the year ended 31 December 2013, management performed an impairment assessment on the CGU of retailing business based on fair value less cost of disposal immediately before the initial classification as disposal of group held for distribution (note 15), no impairment loss is considered necessary (note 40).

Management believes that any reasonably possible change in any of the assumptions would not cause the aggregate carrying amount of the above CGUs to exceed the aggregate recoverable amount of the above CGUs.

24. 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 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 HK$230,142,000 of which deposits of 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 of HK$135,000,000. Accordingly, the deposit paid and direct costs incurred for the purchase of Property amounting to HK$23,337,000 is classified as current asset at 31 December 2013. The transactions were completed in January 2014 upon delivery of a property to the Group and Purchaser respectively.

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013 HK$'000	2012 HK$'000
Unlisted investment		
— equity securities (at cost)	**21,031**	—

At 31 December 2013, the unlisted investment represents 18% equity interest in Infinity Equity Management Company Limited ("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 relating to financial and operating decisions of Infinity. Against this background, the Directors of the Company 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. The unlisted investment is measured at cost less impairment at 31 December 2013 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.

26. 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) range 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.

26. LOANS RECEIVABLE (continued)

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

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

	2013	2012
	HK$'000	HK$'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.

26. LOANS RECEIVABLE (continued)

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

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

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

	Balance at 1 January HK$'000	Balance at 31 December HK$'000	Maximum amount outstanding during the year HK$'000
A director of the Company			
Mr Cheng Man Pan Ben			
2012	900	974	974
2013	974	—	974

The loans granted to directors bear interest at the Hong Kong Prime Rate plus 3% per annum and was repaid on 31 August 2013.

27. 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. 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 49).

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 involved in property investment in Shanghai

27. 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 assets	**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 translating the assets and liabilities of this associate into the presentation currency of the Group is recognised in other comprehensive income and accumulated 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 assets	**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

28. INVENTORIES

	2013 HK$'000	2012 HK$'000
Finished goods held for sale	**—**	56,785

29. OTHER FINANCIAL ASSETS AND LIABILITIES

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 33). However, the Group does not have a currently enforceable right to offset those payables with the deposits placed.

Bank balances (general accounts) and cash

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

Loan from a non-controlling shareholder

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

Amount due to a fellow subsidiary

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

30. 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
	608,324	920,032

30. ACCOUNTS RECEIVABLE (continued)

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
Past due but not impaired	46,654	51,510
Impaired	5,476	2,316
	613,800	927,556
Less: Allowance for impairment	(5,476)	(7,524)
	608,324	920,032

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, the ageing analysis does not give additional value in view of the nature of broking business.

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 42.

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

30. ACCOUNTS RECEIVABLE (continued)

For accounts receivable due from margin clients that are included in "Neither past due nor impaired" category as at 31 December 2013 and 2012, the fair value of each client's listed securities is higher than the carrying amount of each individual loan to margin client in this category. 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 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.

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.

In respect of accounts receivable which are past due but not impaired at the respective reporting date, the ageing 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 HK$nil (2012: HK$373,000) and another 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 for the year ended 31 December 2013 (2012: HK$71,889,000). The Group expects 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.

30. ACCOUNTS RECEIVABLE (continued)

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, collaterals 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, futures and 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.

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.

30. ACCOUNTS RECEIVABLE (continued)

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

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 and Note 2)				
2012	—	—	246	—
2013	—	—	15,955	—
Ms Cheng Pui Lai Majone and associates				
2012	—	—	1,090	361
2013	—	—	16,284	211
Mr Cheng Man Pan Ben and associates (Note 4)				
2012	171	234	1,125	868
2013	234	441	3,102	903
Mr Kwan Pak Hoo Bankee and associates (Note 2)				
2012	—	—	474	493
2013	—	—	5,266	2,500
Director of CASH				
Mr Ng Kung Chit Raymond				
2012	—	—	982	—
2013	—	—	7,978	—
Shareholders with significant influence over CASH (Note 3)				
Cash Guardian Limited				
2012	—	—	—	—
2013	—	—	3,227	1,254
Wholly-owned subsidiary of CASH				
Libra Capital Management (HK) Limited				
2012	—	—	—	—
2013	—	214	8,623	293

30. ACCOUNTS RECEIVABLE (continued)

Notes:

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

(2) Mr Kwan Pak Hoo Bankee and Mr Law Ping Wah Bernard are also the executive directors of CASH.

(3) Cash Guardian Limited is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is a director of the Company and CASH.

(4) During the year ended 31 December 2013, Mr Cheng Man Pan Ben resigned as an executive 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.

31. INVESTMENTS HELD FOR TRADING

	2013	2012
	HK$'000	HK$'000
Equity securities listed in Hong Kong (Note (a))	**36,070**	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
	54,735	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 disclosed in note 35. 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 rates 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 35. The fair value of the listed debt securities are determined based on brokers' quotes because they are 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 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$9,584,000, which is included in other receivables 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.

32. 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
	17,155	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 were pledged to secure the short-term bank borrowings as at 31 December 2012.

33. 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	**—**	166,400
	1,032,388	1,590,760

33. ACCOUNTS PAYABLE (continued)

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, including in account 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 mentioned in note 30. 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 ageing 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.

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

	2013	2012
	HK$'000	HK$'000
0–30 days	—	73,623
31–60 days	—	54,195
61–90 days	—	22,035
Over 90 days	—	16,547
	—	166,400

34. OBLIGATIONS UNDER FINANCE LEASES

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

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases				
Within one year	**—**	270	**—**	263
In more than one year but not more than five years	**—**	—	**—**	—
	—	270	**—**	263
Less: Future finance charges	**—**	(7)	**—**	—
Present value of lease obligations	**—**	263	**—**	263
Less: Amount due within one year shown under current liabilities			**—**	(263)
Amount due for settlement after one year shown under non-current liabilities			**—**	—

The Group has entered into finance leases for one motor vehicles with lease terms of three year for the year ended 31 December 2012. Interest rate under the leases was fixed at the average rate of 4.7% per annum for the year ended 31 December 2012. These leases did not have options to renew or any contingent rental provisions.

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

35. BANK BORROWINGS

	2013 **HK$'000**	2012 HK$'000
Bank overdrafts, secured	**12,375**	14,007
Bank loans, secured	**243,825**	257,967
Trust receipt loans	**—**	111,271
	256,200	383,245

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

	2013 **HK$'000**	2012 HK$'000
Carrying amount repayable:*		
Within one year	**69,085**	192,278
In the second year	**1,140**	1,233
In the third to fifth years	**3,671**	3,981
After the fifth year	**17,764**	21,117
	91,660	218,609
Carrying amount of bank loans contain a repayment on demand clause:		
— within one year	**164,540**	150,669
— in the second year	**—**	8,382
— in the third to fifth years	**—**	5,585
	256,200	383,245
Less: Amount due within one year shown under current liabilities	**(233,625)**	(356,914)
Amount due after one year shown under non-current liabilities	**22,575**	26,331

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

35. BANK BORROWINGS (continued)

The Group's bank borrowings as at 31 December 2013 and 2012 were secured by:

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

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

(c) marketable securities of the Group's clients of carrying value 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 31 with carrying values 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 20 with carrying amount of approximately HK$57,112,000 (2012: HK$68,832,000);

(f) pledged deposit of HK$73,400,000 for sourcing the short-term bank borrowings as disclosed in note 32(b) at 31 December 2012;

(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 32(a)).

Bank overdrafts amounting to HK$12,375,000 (2012: HK$14,007,000) carried interest at Hong Kong Prime Rate. Bank borrowings amounting to HK$243,825,000 (2012: HK$257,967,000) were variable-rate borrowings which carry interest with reference to HIBOR or Hong Kong Prime Rate.

At 31 December 2012, trust receipts loans amounting to HK$111,271,000 carry interest with reference to Hong Kong Prime Rate.

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

36. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Prepayments	**67**	1,724
Deposits	**5,554**	20,079
Other receivables	**41,468**	16,548
	47,089	38,351

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 24) and (ii) consideration receivable on disposal of unlisted investment fund amounting to HK$9,584,000.

37. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.02 each at 1 January 2012, 31 December 2012 and 31 December 2013		15,000,000	300,000
Issued and fully paid:			
Ordinary shares of HK$0.02 each at 1 January 2012		3,919,061	78,382
Share repurchases	(a)	(41,202)	(824)
At 31 December 2012 and 31 December 2013		3,877,859	77,558

Note:

(a) Repurchase of shares

During the year ended 31 December 2012, the Company repurchased a total of 41,202,000 shares of HK$0.02 each in its own issued share capital on the Stock Exchange for an aggregate consideration of HK$2,506,000 (before expenses). Accordingly, such shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchase of shares are summarised as follows:

Month/year	**Number of shares repurchased**	**Repurchase price per share**		**Approximate aggregate consideration paid (before expenses)**
		Highest	**Lowest**	
	'000	HK$	HK$	HK$'000
August 2012	24,492	0.062	0.059	1,470
September 2012	16,710	0.069	0.059	1,036
Total	41,202			2,506

38. ACCRUED LIABILITIES AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Accrued liabilities		
— Accrual for salaries and commission	**10,039**	35,388
— Other accrued liabilities	**31,467**	33,557
Other payables (note 1)	**35,679**	20,482
Loan payable (note 2)	**38,100**	—
	115,285	89,427

38. ACCRUED LIABILITIES AND OTHER PAYABLES (continued)

Notes:

(1) At 31 December 2013, it included deposit received of HK$27,000,000 for disposal of a property acquired by the Group in January 2014 (note 24).

(2) The amount was advanced from an independent third party, which is unsecured, carry fixed rate interest at 12% p.a. and repayable within one year. Balance was subsequently settled in January 2014.

39. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	HK$'000	HK$'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. DISTRIBUTION IN SPECIE OF SHARES IN A SUBSIDIARY

On 28 June 2013, the Group distributed the ordinary shares in the capital of CASH Retail Management (HK) Limited, which carried out retailing business, in specie to the shareholders. Details are set out in note 15.

The carrying amounts of assets and liabilities as at date of distribution are as follows:

	HK$'000
Property and equipment	23,734
Rental and utility deposits	27,064
Intangible asset	311,007
Deferred tax assets	5,700
Inventories	54,804
Prepayments, deposits and other receivables	60,398
Amount due from the Group (note)	54,949
Bank deposits subject to conditions	73,400
Bank balances (general accounts) and cash	86,157
Accounts payable	(150,784)
Accrued liabilities and other payables	(28,199)
Bank borrowings	(155,965)
Tax payable	(5,107)
Deferred tax liabilities	(51,316)
Net assets attributed to the Group distributed to the shareholders	305,842
Net cash outflow arising on Distribution in Specie:	
Bank balances and cash	86,157

Note:

Upon completion of Distribution in Specie, the corresponding amount due to CASH Retail Management (HK) Limited is reclassified to amount due to a fellow subsidiary in these consolidated financial statements (note 29).

40. DISTRIBUTION IN SPECIE OF SHARES IN A SUBSIDIARY (continued)

Immediately before the initial classification as disposal group held for distribution, management performed an impairment assessment on carrying amounts of the respective assets included in the disposal group. If it is not possible to estimate the recoverable amount of the individual assets, the Group determines the recoverable amount of the CGU to which the assets belong. The recoverable amount of CGU of retailing business is based on fair value less cost of disposal. The management determined the fair value using market comparable approach that reflects the market price-to-earnings ratio of companies in similar industry, size, profitability, financial risk, and adjusted for the marketability and control premium of the net asset value of CGU of retailing business. The fair value measurement is categorised in level 3 in the fair value hierarchy.

The key unobservable inputs used for the calculations of fair value are price-to-earnings ratio and marketability discount. In estimating such inputs, the management considered data /inputs for comparable companies as follows:

Price-to-earnings ratio	9.6 – 32.2x
Discount for the lack of marketability	20%

Based on the assessment made by management, no impairment loss is required on individual assets included in the disposal group held for distribution immediately before the initial classification as disposal group held for distribution. Up to the date of distribution, there are no significant changes in facts and circumstances which might affect the fair value of the CGU of retailing business.

Management believes that any reasonably possible changes in any of the above inputs would not cause the aggregate carrying amount of the above CGU to exceed the recoverable amount of the above CGU.

41. 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 debt, which includes the bank borrowings disclosed in note 35 and loan from a non-controlling shareholder disclosed in note 29, and equity attributable to owners of the Company, comprising issued share capital disclosed in note 37, retained earnings and other reserves as disclosed in consolidated statement of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share and share options 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 ("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.

42. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2013 HK$'000	2012 HK$'000
Financial assets		
Fair value through profit or loss		
— held-for-trading	**54,735**	123,206
Available-for-sale financial assets	**21,031**	—
Loans and receivables (including cash and cash equivalents)	**1,654,883**	2,172,470
Financial liabilities		
Financial liabilities at fair value through profit or loss	**19,701**	—
Amortised cost	**1,437,425**	2,021,924

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

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

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 exposed the Group to price risk. At 31 December 2012, the Group's exposures to price risk for debt securities include 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. At 31 December 2012, no sensitivity analysis on price risk arising from investments in debt securities relating to credit spreads of debt securities has been presented as the directors of the Company did not expect significant fluctuation.

Moreover, 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 and imposing trading limits on daily basis. No sensitivity analysis on equity price risk has been presented in relation to (i) investments in derivatives as the Group did not hold any derivatives as at 31 December 2012 and 2013 and (ii) unlisted equity investment 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.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. The analysis is prepared assuming the listed equity investments, unlisted investment fund and financial liabilities at fair value through profit or loss where applicable, outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2013, if the market bid prices of the Group's listed equity investments (2012: listed 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 HK$5,255,000 (2012: HK$12,370,000). This is attributable to the changes in fair values of the listed equity investments and financial liabilities at fair value through profit of loss (2012: listed equity investments and unlisted investment fund) held for trading purpose.

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

Interest rate risk

Fair value interest rate risk

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

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

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 HK$562,000 (2013: HK$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 (2012: 50) basis points change representing management's assessment of the reasonably possible change in interest rates is used.

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

The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year. As at 31 December 2013, if the interest rate of bank borrowings, loans receivable and loans to margin clients had been 50 (2012: 50) basis points higher/lower, the Group's loss before taxation would increase/decrease by HK$161,000 (2012: HK$324,000). Bank balances are excluded from sensitivity analysis as it is subject to minimal interest rate fluctuation.

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"). 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.

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

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	**187,412**	296,117
RMB	**1,348**	1,491	**32,469**	110,349

As at 31 December 2013, if RMB had strengthened/weakened by 5% (2012: 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

As at 31 December 2013 and 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk on brokerage, financing and corporate finance operations, the Credit and Risk Management Committee is set up to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of loans receivable and accounts receivable as disclosed in notes 26 and 30 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.

At 31 December 2012, credit risk arising on debt securities as disclosed in note 31 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.

In respect of the accounts receivable from MFG HK as disclosed in note 30, the Group closely monitors the progress of liquidation and the Directors regularly contact the liquidators for the recovery of outstanding amount.

The Group does not have any 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 26.

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

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities, including financial liabilities at FVTPL. The table has 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.

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

Liquidity tables

	Weighted average effective interest rate %	Within 1 year or on demand HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Over 5 years HK$'000	Total contracted undiscounted cash flows HK$'000	Carrying amount at reporting date HK$'000
At 31 December 2013							
Accounts payable	N/A	1,032,388	—	—	—	1,032,388	1,032,388
Other payables	N/A	35,679	—	—	—	35,679	35,679
Loan payables	12%	38,100	—	—	—	38,100	38,100
Bank borrowings	Note	240,026	1,906	5,719	23,420	271,071	256,200
Loan from a non-controlling Shareholder	N/A	27,437	—	—	—	27,437	27,437
Amount due to a fellow subsidiary	N/A	47,621	—	—	—	47,621	47,621
Financial liabilities at FVTPL	N/A	19,701	—	—	—	19,701	19,701
		1,440,952	1,906	5,719	23,420	1,471,997	1,457,126

42. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate %	Within 1 year or on demand HK$'000	Between 1 to 2 years HK$'000	Between 2 to 5 years HK$'000	Over 5 years HK$'000	Tota l contracted undiscounted cash flows HK$'000	Carrying amount at reporting date HK$'000
At 31 December 2012							
Accounts payable	N/A	1,590,760	—	—	—	1,590,760	1,590,760
Other payables	N/A	20,482	—	—	—	20,482	20,482
Bank borrowings	Note	366,658	2,156	6,468	26,042	401,324	383,245
Loan from a non-controlling shareholder	N/A	27,437	—	—	—	27,437	27,437
		2,005,337	2,156	6,468	26,042	2,040,003	2,021,924

Note: Variable-rate borrowings carry interest at HIBOR plus a spread or Hong Kong Prime Rate. The prevailing market rate at the reporting date is used in the maturity analysis.

Bank borrowings with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. As at 31 December 2013 and 2012, the aggregate carrying amounts of these bank borrowings amounted to approximately HK$164,540,000 and HK$164,636,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2013, the aggregate principal and interest cash outflow amounted to approximately HK$169,048,000 (2012: HK$152,712,000), nil (2012: HK$8,728,000) and nil (2012: HK$6,137,000) within 1 year, between 1–2 years and between 2–5 years respectively.

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.

42. FINANCIAL INSTRUMENTS (continued)

Fair values

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 value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Investments held for trading	Fair value as at 31 December 2013 HK$'000	Far value hierarchy	Valuation techniques
Equity securities listed in Hong Kong	**36,070**	Level 1	Quote prices in an active market
Equity securities listed outside Hong Kong	**18,665**	Level 1	Quote prices in an active market

Financial liabilities of FVTPL

Financial liabilities at FVTPL	Fair value as at 31 December 2013 HK$'000	Far value hierarchy	Valuation techniques
Obligation to deliver equity securities listed outside Hong Kong arising from short selling	**19,701**	Level 2	By reference to quote prices in an active market taking into the consideration of dividend and other rights arising from the underlying shares during the short selling period.

Financial assets at FVTPL	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 31 December 2012 Total HK$'000
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 levels 1 and 2 in the current and prior 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.

42. 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 covers similar financial instruments 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 legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers 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.

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 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 HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets 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	3,412,435	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 HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'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 pledged HK$'000	Net amount HK$'000
Financial liabilities						
Financial liabilities at FVTPL	19,701	—	19,701	—	(19,701)	—

42. 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 assets 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 net amounts 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/to HKSCC, brokers and brokerage clients — amortised cost
- financial liabilities at FVTPL — fair value
- deposits placed to HKSCC — amortised cost

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 and for the Group's financial liabilities 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.

43. CAPITAL COMMITMENTS

	2013 HK$'000	Query 2012 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property and equipment (note 24)	**184,069**	207,128
Acquisition of equity 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 USD2,670,000 (equivalent to approximately HK$20,639,000) on 3 December 2012. The acquisition was completed in 2013 (see note 25).

44. SHARE OPTION SCHEMES

The Company's existing share option scheme ("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 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 CASH and its subsidiaries and associates, including the Group ("CASH Group"); or
- attract potential candidates to serve the CASH Group for the benefit of the development of the CASH Group.

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

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme and such limit might be refreshed by shareholders in general meeting. The maximum number of shares was 387,785,958 shares, representing around 10% 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 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 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.

44. SHARE OPTION SCHEMES (continued)

(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 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 has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Share options granted to the employees, directors and the consultants of the Group 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

44. SHARE OPTION SCHEMES (continued)

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

Grant date:	Exercisable period:	Notes	2013 Number of outstanding share options as at 31 December	2013 Exercise price HK$	2012 Number of outstanding share options as at 31 December	2012 Exercise price HK$
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 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 respective financial years up to 31 October 2014. The options must be exercised within one month from the date the Board approves the vesting of the options. As at 31 December 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 2012. As at 31 December 2013, 39,000,000 options were lapsed as performance target for the current financial year has not been achieved. In addition, the Directors of the Company 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 the Group on 22 June 2009 for the provision of consultancy services to the Group 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. 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 options of 77,000,000 were granted to the consultants of the Group on 1 February 2011 for the provision of consultancy services to the Group 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. The related services have not been satisfactorily performed during the 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.

44. SHARE OPTION SCHEMES (continued)

Notes: (continued)

(d) During the year ended 31 December 2012, the options of 316,250,000 granted to the employees and directors of the Group 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 the Group on 22 November 2010 for the provision of consultancy services to the Group 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 the Group on 15 June 2009 and 15 October 2010 were lapsed upon expiration of the options.

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 (2013: nil) 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 (2013: nil) has been credited to share-based payment reserve. No liabilities were recognised due to share-based payment transactions.

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 Black-Scholes pricing 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.

45. RELATED PARTY TRANSACTIONS

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

	Notes	**2013** **HK$'000**	2012 HK$'000
Commission and interest income received from the following subsidiary of CASH			
Libra Capital Management (HK) Limited	(a)	**46**	—
Commission and interest income received from the following shareholder of CASH			
Cash Guardian Limited	(a) & (d)	**43**	—
Commission and interest income received from the following directors of the Company			
Mr Law Ping Wah Bernard and associates		**30**	10
Mr Cheng Man Pan Ben and associates	(e)	**49**	45
Ms Cheng Pui Lai Majone and associates		**35**	7
Mr Kwan Pak Hoo Bankee and associates		**22**	—
		136	62
Commission and interest income received from the following directors of CASH	(a)		
Dr Chan Yau Ching Bob and associates	(f)	**24**	13
Mr Ng Kung Chit Raymond and associates	(f)	**17**	7
		41	20
Loan interest income received from a director of the Company			
Mr Cheng Man Pan Ben	(b) & (e)	**46**	74
Rental expense paid to an associate		**5,181**	7,167
Rental and building management expense paid to CASH	(a)	**2,079**	4,140
Underwriting commission income received from CASH	(a) & (c)	**902**	—
Financial advisory income received from CASH	(a)	**500**	—

45. RELATED PARTY TRANSACTIONS (continued)

Notes:

(a) The Company has been regarded as a subsidiary of CASH under the definition of control and the related guidance set out in HKFRS 10 "Consolidated financial statements".

(b) The Group derived interest income from loans to a director of the Company of approximately HK$46,000 (2012:HK$74,000).

(c) During the year ended 31 December 2013, the Group derived underwriting commission income of approximately HK$902,000 (2012: nil) from underwriting of shares of CASH.

(d) Cash Guardian Limited has significant influence over CASH. It is solely owned and controlled by Mr Kwan Pak Hoo Bankee, who is the director of the Company and CASH.

(e) During the year ended 31 December 2013, Mr Cheng Man Pan Ben resigned as an executive director of the Company.

(f) During the year ended 31 December 2013, Dr Chan Yau Ching Bob and Mr Ng Kung Chit Raymond resigned as an executive director of CASH respectively.

Remuneration of key management personnel represents amounts paid to the Company's directors as disclosed in note 11.

The remuneration of directors is determined by the performance of individuals and market trends.

46. OPERATING LEASE COMMITMENTS

At the reporting dates, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	**16,763**	163,381
In the second to fifth year inclusive	**28,134**	176,644
	44,897	340,025

Operating lease payments represent rentals payable by the Group for its office premises (2012: office premises, warehouse and retail shops). Lease are mainly negotiated for lease term of one to three years (2012: one to five years). In addition to the fixed rentals pursuant to the terms of certain rental agreements, the Group paid a rental of approximately HK$1,226,000 (2012:HK$2,762,000) based on certain percentage of the gross sales of the relevant shop when the sales meets certain specified level.

47. SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are set out below:

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued share capital held by the Company 2013 %	2012 %	Principal activities
CASH Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Provision of asset management services
CASH E-Trade Limited	Hong Kong	Ordinary HK$4,000,000	**100**	100	Provision of management services for group companies
CASH Wealth Management Limited	Hong Kong	Ordinary HK$15,000,000	**100**	100	Financial advisory consultancy
CASH Payment Services Limited	Hong Kong	Ordinary HK$2	**100**	100	Provision of payment gateway services
Celestial Asset Management Limited	Hong Kong	Ordinary HK$4,000,100	**100**	100	Provision of treasury management functions
Celestial Capital Limited	Hong Kong	Ordinary HK$30,000,000	**100**	100	Provision of corporate finance, investment and financial advisory services
Celestial Commodities Limited	Hong Kong	Ordinary HK$12,000,000	**100**	100	Futures and options broking and trading
Celestial Investments (HK) Limited	Hong Kong	Ordinary HK$10,000,000	**100**	100	Money lending
Celestial Securities Limited	Hong Kong	Ordinary HK$140,000,000	**100**	100	Securities, equity options broking and trading, leveraged foreign exchange contracts
Marvel Champ Investments Limited	British Virgin Islands	Ordinary US$100	**65**	65	Investment holding
Pricerite Stores Limited (note 1)	Hong Kong	Ordinary HK$200,000,000	**—**	100	Retailing of furniture and household goods
icoupon Limited	British Virgin Islands	Ordinary US$1	**100**	100	Investment holding and trading
Think Right Investments Limited	British Virgin Islands	Ordinary US$1	**100**	100	Properties holding
CASH Dynamic Opportunities Investment Limited (note 2)	British Virgin Islands	Ordinary HK$5,000,000	**50**	50	Investment trading
CASH Retail Management (HK) Limited (note 1)	British Virgin Islands	Ordinary HK$3,877,859	**—**	100	Investment holding
Celestial Financial Services Limited	British Virgin Islands	Ordinary US$10,000	**100**	100	Investment holding

47. SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

CASH E-Trade Limited and Celestial Financial Services Limited are directly held by the Company. All other subsidiaries shown above are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

(1) At 31 December 2012, CASH Retail Management (HK) Limited was directly held by the Company. Upon Distribution in Specie (defined and explained in note 15) in 2013, these entities are no longer subsidiaries of the Company.

(2) The Group has control over CASH Dynamic Opportunities Investment Limited ("CDOI") because according to the agreement, the Group can appoint up to 3 directors out of a total of 4 directors to CDOI's board of directors which directs the financial and operating policies, being the relevant activities that significantly affect the returns of CDOI. Accordingly, CDOI is considered as a subsidiary of the Company.

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

Name of subsidiary	place of incorporation and principal place of business	Proportion of ownership interest and voting right held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013**	2012	**2013**	2012
				HK'000	HK'000	**HK'000**	HK'000
Marvel Champ Investments Limited	BVI	**35%**	35%	**(3)**	4,425	**31,030**	29,204
Individually immaterial subsidiary with non-controlling interest				**—**	750	**5,084**	5,084
				(3)	5,175	**36,114**	34,288

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

47. SUBSIDIARIES (continued)

Marvel Champ Investments Limited

	2013 **HK$'000**	2012 HK$'000
Current assets	**10,296**	—
Non-current assets	**158,154**	163,235
Current liabilities	**(78,390)**	(78,390)
Equity attributable to owners of the Company	**59,030**	55,641
Non-controlling interests	**31,030**	29,204
(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 the Company	**3,395**	—
Other comprehensive income attributable to the non-controlling interests	**1,829**	—
Other comprehensive income for the year	**5,224**	—
Total comprehensive income attributable to owners of the Company	**3,389**	9,129
Total comprehensive income attributable to the non-controlling interests	**1,826**	4,916
Total comprehensive income for the year	**5,215**	14,045

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

48. 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%, 12%, 22%, 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 9 and 15.

49. EVENT AFTER REPORTING PERIOD

(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 those consolidated financial statements were authorised for issuance.

(2) In January 2014, the Group completed the acquisition of 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.

Appendix I — Investment Properties

Held as at 31 December 2013

Location	Approximate gross floor area (sq. ft.)	Land use
Room 1606 (also known as 19G), Li Jing Yuan, Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	891	The property is vacant
Room 1607 (also known as 19A), Li Jing Yuan, Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	1,593	The property is vacant
Room 1806 (also known as 21G), Li Jing Yuan, Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	891	The property is 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

Appendix II — Summarised Statement of Financial Position of The Company

SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 **HK$'000**	2012 HK$'000
Assets		
Unlisted investments in subsidiaries	**476,256**	748,177
Amounts due from subsidiaries	**341,474**	236,047
Other receivables	**—**	150
Bank balances (general accounts)	**192**	342
	817,922	984,716
Liabilities		
Accrued liabilities and other payables	**455**	854
Amounts due to subsidiaries	**324,945**	323,273
	325,400	324,127
Net assets	**492,522**	660,589
Capital and reserves		
Share capital	**77,558**	77,558
Reserves (note 1)	**414,964**	583,031
Total equity	**492,522**	660,589

SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note 1:

	Other reserve HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2012	—	461,665	59,080	28,151	8,340	557,236
Profit and total comprehensive income for the year	—	—	—	—	26,958	26,958
Share-based compensation	—	—	—	562	—	562
Amount transferred to retained earnings as a result of expiration of share option	—	—	—	(20,899)	20,899	—
Share repurchased and cancelled	—	(1,725)	—	—	—	(1,725)
At 31 December 2012	—	459,940	59,080	7,814	56,197	583,031
Profit and total comprehensive income for the year	—	—	—	—	107,732	107,732
Amount transfer from contribution surplus to retained earnings	—	—	(159,000)	—	159,000	—
Amount transferred to retained earnings as a result of expiration of share option	—	—	—	(7,814)	7,814	—
Special dividend by way of Distribution in Specie of shares in a subsidiary	30,043	—	—	—	(305,842)	(275,799)
Amount transferred to retained earnings	(30,043)	—	—	—	30,043	—
Amount transfer from share premium to contributed surplus	—	(100,000)	100,000	—	—	—
At 31 December 2013	—	359,940	80	—	54,944	414,964

Note: Other reserves represents the excess of the net carrying amount of CASH Retail Management (HK) Limited and its subsidiary as at the date of distribution recorded in the consolidated statement of financial position over the investment cost. Pursuant to the approval of Board of Directors, the other reserves was transferred to retained earnings in 2013.

Appendix III — Five-Year Financial Summary

RESULTS

	Year ended 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000 (restated)	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**194,565**	185,449	1,334,440	1,294,203	705,480
(Loss) profit before taxation	**(66,854)**	(35,984)	(24,270)	73,120	(6,784)
Taxation charge	**4,439**	(2,126)	(7,694)	(8,185)	(13,848)
(Loss) profit for the year from continuing operations	**(62,415)**	(38,110)	(31,964)	64,935	(20,632)
Discontinued operations					
Profit from discontinued operations	**3,270**	4,586	—	—	—
	(59,145)	(33,524)	(31,964)	64,935	(20,632)
Attributable to:					
Owners of the Company	**(59,142)**	(38,699)	(41,090)	63,390	(22,075)
Non-controlling interests	**(3)**	5,175	9,126	1,545	1,443
	(59,145)	(33,524)	(31,964)	64,935	(20,632)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property and equipment	**33,860**	81,315	114,306	188,909	202,275
Goodwill	**2,661**	2,661	2,661	2,661	2,661
Intangible assets	**9,752**	321,059	321,059	321,059	321,059
Other non-current assets	**277,096**	309,878	281,283	268,685	254,333
Current assets	**1,746,425**	2,367,504	2,170,392	1,957,617	1,750,699
Total assets	**2,069,794**	3,082,417	2,889,701	2,738,931	2,531,027
Current liabilities	**1,483,452**	2,078,832	1,839,965	1,695,730	1,638,501
Non-current liabilities	**24,144**	82,172	88,642	98,458	99,856
Total liabilities	**1,507,596**	2,161,004	1,928,607	1,794,188	1,738,357
Net assets	**562,198**	921,413	961,094	944,743	792,670
Non-controlling interests	**36,114**	34,288	33,363	20,313	17,752

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
"ARTAR"	Abdulrahman Saad Al-Rashid & Sons Company Limited, a substantial Shareholder
"Audit Committee"	the audit committee of the Company established pursuant to the CG Code of the Listing Rules
"Board"	the board of Directors
"CASH"	Celestial Asia Securities Holdings Limited (stock code: 1049), the holding company of the Company, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board
"CASH Asset Management"	CASH Asset Management Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company, and a licensed corporation under the SFO which is engaged in type 9 (asset management) regulated activity
"CASH Group"	CASH and its subsidiaries, including the Group
"Cash Guardian"	Cash Guardian Limited, a company incorporated in the British Virgin Islands; a substantial shareholder of CASH and an associate of Mr Kwan Pak Hoo Bankee
"CASH Wealth Management"	CASH Wealth Management Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company, and a licensed corporation under the SFO which is engaged in types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities
"Celestial Capital"	Celestial Capital Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company, and a licensed corporation under the SFO which is engaged in types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities
"Celestial Commodities"	Celestial Commodities Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company, and a licensed corporation under the SFO which is engaged in type 2 (dealing in futures contracts) regulated activity
"Celestial Securities"	Celestial Securities Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company, and 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
"CG Code"	the Corporate Governance Code as contained in Appendix 14 of the Listing Rule
"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 and is an indirect wholly-owned subsidiary of CASH; is a substantial Shareholder

Definitions

"Company" or "CFSG"	CASH Financial Services Group Limited (stock code: 510), a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board
"Company Secretary"	the company secretary of the Company
"COO"	the chief operating officer of the Company
"CRMG"	CASH Retail Management (HK) Limited, a company incorporated in the British Virgin Islands with limited liability, was a wholly-owned subsidiary of the Company before the Distribution Completion. It is currently an indirect wholly-owned subsidiary of CASH upon the Distribution Completion, and is the holding company of the CRMG Group, the retail management business
"CRMG Group"	CRMG and its subsidiaries which mainly engage in the retail management business in Hong Kong and China
"Director(s)"	the directors of the Company
"Distribution Completion"	completion of the Distribution In Specie
"Distribution In Specie"	the distribution in specie of all the issued shares of CRMG by the Company to the qualifying Shareholders on the basis of one share in CRMG for one share held in the Company on the record date of 27 June 2013, which was completed on 28 June 2013
"ED(s)"	the executive Director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"INED(s)"	the independent non-executive Director(s) of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the main board of the Stock Exchange
"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
"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)
"SGM(s)"	the special general meeting(s) of the Company

Definitions

"Share(s)"	ordinary shares of HK$0.02 each in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the SGM of the Company held on 22 February 2008, which took effect on 3 March 2008
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	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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