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CFSG

CASH Financial Services Group Limited

(Stock Code: 510)

2014 Annual Report

Contents

Company Profile

COMPANY PROFILE

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

Headquartered in Hong Kong, CFSG has already built a solid foothold in China. With our comprehensive product offerings, international management experience, and award-winning operating platform, we cater for the investment and wealth management needs of our clients anytime, anywhere.

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

Corporate Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

KWAN Pak Hoo Bankee (Chairman)
LAW Ping Wah Bernard (CFO)
CHENG Pui Lai Majone
NG Kung Chit Raymond

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 (PE)*

AUTHORISED REPRESENTATIVES

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

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
OCBC 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

Financial Review

FINANCIAL REVIEW

For the year ended 31 December 2014, the Group recorded revenue of HK$198.1 million, represented a mild increase of 1.80% as compared with HK$194.6 million in 2013.

The Hong Kong stock market having been affected by both overseas and mainland market environments endured a turbulent year in 2014, even though the Hang Seng Index (HSI) had made only a small gain during the past 12 months. In early 2014, the HSI posted a year-to-date loss of 9% over the worries about the global economic effects on the tapering of quantitative easing by the US Federal Reserve, a slump in property prices and disorderly deleveraging in local government debts leading to unexpected decelerations in industrial-output and economic growth in China and the political tension in Ukraine. In late 2014, the local stock market rebounded as the investor sentiment rose on optimism about the supportive government policies adopted by the Central Government's efforts to counter the economic slowdown. These policies, including the cut in interest rates by the central bank, together with the launch of the Hong Kong-Mainland Stock Connect Scheme, had led the local stock market to swing back to a 9% gain at one point in the second half of the year. Despite that the trading in the stock market rose 11%, reflecting an overall improvement in the local investment sentiment in 2014, the Group was still facing a very tough business environment and uncertainties in the financial services industry. During the year, the market was extremely choppy over the concerns about the dim economic outlook in Europe and the slowdown in the Mainland economy. Our clients who are mainly retail investors had difficulties in making their investment decisions in this highly volatile stock market. At the same time, the Group had adopted a rigid credit risk management in view of these complicated and highly unpredictable investment environments by tightening its margin financing policies throughout the year. As such, the Group's revenue rose only 1.8% in 2014. As huge business opportunities across the border are expected to be available to the Group after the launch of the link-up between the Hong Kong and Shanghai exchanges, the Group will take more aggressive plans to enlarge its customer base by further expanding its financial services into Mainland China. Facing the keen competition in the market and the high compliance costs imposed on the financial services sector, the Group will continue to maintain stringent cost controls over its operations. At the same time, the Group 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 our algorithmic trading business for our institutional, corporate and individual investors for their versatile investment and wealth management needs.

During the year under review, the Group recorded a gain on disposal of a commercial property in Hong Kong of approximately HK$18.0 million. In addition, there was an increase in fair value on its investment properties amounting to HK$37.1 million. Besides, during the year, its associate company recorded a gain on the disposal of its entire registered shares of its subsidiary which owned and managed an investment property in the PRC. Accordingly, during the year, the Group reported its share of profit of an associate of HK$60.5 million as compared to its share of loss of an associate of HK$9,000 in 2013.

As a result of the above, the Group recorded a net profit attributable to the owners of the Company of HK$32.7 million for 2014 as compared to a net loss of HK$59.1 million in 2013.

Liquidity and Financial Resources

The Group's total equity amounted to HK$596.3 million as at 31 December 2014 as compared to HK$562.2 million as at 31 December 2013. The increase was mainly due to the reported profit for the year under review less dividend distributed to non-controlling interest and the increase in share capital as a result of exercise of certain share options.

As at 31 December 2014, the Group had total outstanding bank borrowings of approximately HK$263.3 million, comprising bank loans of HK$175.2 million, mortgage loans of HK$77.9 million and bank overdrafts of HK$10.2 million. Bank loans and overdrafts in aggregate of HK$106.0 million were collateralised by its margin clients' securities pledged to the Group. Mortgage loans in aggregate of HK$77.9 million were secured by the Group's investment properties with a total carrying amount of approximately HK$213.7 million. The remaining bank loans and overdrafts in aggregate of HK$79.4 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 2014.

As at 31 December 2014, our cash and bank balances including the trust and segregated accounts totalled HK$981.4 million which were roughly at similar level as compared to HK$969.4 million as at 31 December 2013. The Group derives its revenue and maintains its house fund mainly in HK dollars. The liquidity ratio as at 31 December 2014 remained healthy at 1.29 times, signifying a mild improvement as compared with 1.18 times as at 31 December 2013.

The gearing ratio as at 31 December 2014, which represents the ratio of interest bearing borrowings of the Group divided by the total equity, decreased to 44.1% which was at the similar level of 45.6% as at 31 December 2013. The small drop in gearing ratio was mainly due to the increase in the total equity during the year without having a significant rise in the borrowings. 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 24 January 2014, an associate company of the Group entered into an agreement for disposal of its entire interest in a subsidiary which owned and managed a property in the PRC. The transaction was completed in March 2014. 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.

Subsequent Events

On 9 March 2015, subsequent to the balance sheet date, the Company announced that:

(i) CIGL (as seller), Oceanwide Holdings International Finance Ltd ("Oceanwide") (as purchaser) and CASH (as guarantor) entered into the sale and purchase agreement whereby CIGL conditionally agreed to sell, and Oceanwide conditionally agreed to purchase from CIGL, approximately 40.71% of the issued share capital of the Company as at the date of the agreement at the consideration of approximately HK$613.4 million (representing a purchase price of HK$0.37 per Share), and

(ii) the Company (as vendor) and CIGL (as purchaser) entered into the confident profits transfer agreement whereby the Company conditionally agreed to dispose of and CIGL conditionally agreed to acquire the entire issued share capital of Confident Profits Limited (a wholly-owned subsidiary of the Company) at a consideration equal to the aggregate pro forma consolidated net asset value of the Group of Confident Profits Limited as at 31 December 2014. The transaction constituted a connected transaction and a special deal for the Company.

Details of the transactions were disclosed in the joint announcement of the Company and CASH dated 9 March 2015.

Capital Commitments

The Group did not have any material outstanding capital commitments at the end of the year.

Material Investments

As at 31 December 2014, the Group was holding a portfolio of investments held for trading with market values of approximately HK$44.6 million. The net gain derived from investments held for trading of HK$66.2 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 2014, the fears of slowing US economic growth together with political tensions in Greece and worries about the spread of Ebola ignited another rout in global equities. The mounting concern about currency crisis in Russia and the oil markets turmoil sent the global market lower.

Despite the aforesaid, the United States continued to lead the global IPO market, both in terms of volume and value. Funds raised in the United States increased by 54% compared to 2013. The Hong Kong stock market started strong in the second half of 2014 and the momentum continued until the IPO market slowed from September to November. In December we saw a strong rebound in the fund raised. Over the year, Hong Kong came second with a total of 122 companies newly listed in 2014, a record high representing an increase of 11% compared with 110 companies in 2013. Total funds raised recorded an increase of 34%, amounting to HK$227.8 billion.

In Mainland China, the People's Bank of China announced an interest rate cut in November 2014, reducing the benchmark deposit rate from 3% to 2.75% and the lending rate from 6% to 5.6%. This first rate cut since 2012 delivered a clear signal about the government's intention to support economic growth by stimulus policies. In Hong Kong, the Shanghai-Hong Kong Stock Connect was launched on 17 November 2014, signifying the increasing integration of China's capital market into the global economy.

The Hang Seng Index (HSI) experienced a slight increase of 1% during the year and ended at 23,605.04. Average daily turnover soared to HK$69.5 billion, a climb of approximate 11% compared with HK$62.6 billion in 2013.

Business Review

Investment Banking

During the year, we completed several capital markets and corporate finance transactions for our clients listed on the Hong Kong Stock Exchange. In particular, we participated in the Main Board IPO of a PRC industrial town development service provider and acted as a co-lead manager with a fund raising size of about HK$1.23 billion. We also acted as the sole placing agent of several follow-on placements for companies listed on the Main Board and GEM Board. In addition, we completed various financial advisory projects, including spin-off, open offers, whitewash transactions, issue of convertible bonds, acquisition and divestment, fund investment, compliance advisory and general corporate matters. During the same period, we also acted as one of the founders in setting up Global Mergers & Acquisitions Alliance which aims at exploring cross-border M&A opportunities. Leveraging on our fund raising capability as well as financial advisory expertise, we will continue to provide full-fledged investment banking services to assist our clients to capture different capital markets and corporate finance opportunities.

Securities Broking

The Shanghai-Hong Kong Stock Connect was officially launched on 17 November 2014. Despite the prolonged preparation time, market response towards the new programme was weaker than expected. Northbound trading used up the daily quota on the first day but has not since. Volume of southbound trading has been ever weaker, with the unused daily quota resting at a level of 90% or above most of the trading days since its launch.

Thanks to a massive HK$84 billion rebound in IPO proceeds in December, Hong Kong is on track to becoming the second-largest IPO market globally in 2014. Benefited from the surge in IPO, our income from margin financing experienced an increase of 7.3%. Overall, the Group's broking business recorded an operating loss of HK$15.0 million in the reporting period, increasing 13.9% compared with the same period of last year.

Despite the less than expected market reception on the newly launched Shanghai-Hong Kong Stock Connect, expectation is that the integration of China's A-share market and the Hong Kong stock market could eventually make them one of the world's largest and most active stock markets. Hong Kong stock market is likely to be relatively stable and may increase moderately in 2015.

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 markets performed differently. While U.S. and ASEAN showed strong momentum in economic recoveries, European countries still suffered from economic downturn.

In 2014, we continued to promote the discretionary portfolio management services to both our existing and new clients. With persistent effort, we recorded a significant increase in the number of clients who subscribed for this personalised service. 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, but also helps to attract new assets from prospective clients.

To further enhance our business scope, we strengthened the co-operation with our business partners in Asia-Pacific region and established a good business relationship with several wealth management companies in Japan enabling us to penetrate into the Japan market.

Looking forward, China will remain as one of the fastest-growing wealth management markets in the coming decade. The rapid growth in high-net-worth individuals resulted in a boom of Independent Financial Advisers (IFAs) in China. It is noticed that some of the IFAs in China has transformed from a mere distribution centre to an investment management centre providing personalised products to their clients. We will continue to leverage on its financial innovation capability and portfolio management expertise to structure different in-house wealth management products in order to fulfil global investment needs of the investing public in China. We will also concentrate our resources in strengthening our portfolio management capability.

Asset Management

Hong Kong stock market underperformed the Asian and global stock markets in 2014 due to slow corporate earnings growth. Mainland stock market rose sharply in the fourth quarter of 2014 after the People's Bank of China cut the interest rate and increased the liquidity in the market. Financial and infrastructure sectors in the A-share market led the rally, which gave the strong momentum to H-shares in the fourth quarter of 2014. HSI rose 1.01% while the H-share index rose 10.81% in 2014.

Our amount of Asset Under Management (AUM) rose around 12% compared with the end of 2013. We outperformed the market during the year as we put more efforts in acquiring new high-net-worth clients. We focused on sectors with higher co-relationship with A-share market, which are more sensitive to liquidity and may benefit from government policies, such as insurance and infrastructure.

Looking forward, we expect China to increase the market liquidity in order to get rid of deflation. China's economy is expected to have around 7% growth in 2015. Trading at around 11.5 times prospective 2015 P/E and around 3.35% dividend yield for the HSI, the current valuation is undemanding for the long-term investors. Capital inflow is likely to give an upward momentum to the Hong Kong stock market after the European central bank implemented the liquidity enhancement activities. Given the strong momentum in the A-share market, we expect Hong Kong stock market to chase back the laggard in the first half of 2015. We believe that our AUM and revenue such as performance fee may maintain a reasonable growth in 2015.

Platform Development

We see the evolution of mobile app market that end-users tend to manage dynamic needs of investment portfolio management in one single application or platform as it does not require switching between the applications. We believe the all-in-one setting has many advantages in delivering better end-user experience in mobile trading and information browsing. Hence, we completed an overall review of our mobile applications and in-depth analysis of technical implementation and user requirements. We plan to release an "all-in-one" app with integrated functions to merge the major functions of investment portfolio management, including real-time stock and futures quotes, securities trading, futures trading, access of bonds information, news and research reports, IPO subscription and chart, and as well as some CRM initiatives. Such major updates will be released in phases. Besides, we will be in collaboration with a popular financial data vendor in order to provide reliable data and professional service to our clients.

MANAGEMENT DISCUSSION AND ANALYSIS

Algorithmic Trading

The Algo trading teams continued to deliver encouraging results during the year. With a view to reinforcing our technology competitive advantage, we established our quant-finance research and incubation centre, the Quant Finance Lab (QFL), in the Hong Kong Science and Technology Parks in June 2014. This new facility has strengthened our capability to attract quant-finance talents from around the world for the development of Algo models and Information Communication Technologies (ICT). During the year, we successfully tested our risk control mechanism and business contingency plans. Our Algo ICT and eFinance database infrastructure for the Hong Kong market had also been implemented smoothly.

Our next phase of expansion will be the China and US markets. In the pipeline, we already have a number of Algo models which have successfully passed back-testing, paper trading and pilot testing. We will put these models into production once they are ready.

On the technology front, we will focus our innovations on two main areas: Big Data analytics and Quant Finance Cloud computing infrastructure. We believe the building of a technically solid, secure and widely applied trading infrastructure will secure us a leading position in the Innovative Finance industry.

Outlook and Corporate Strategy

While market's initial response to the Shanghai-Hong Kong Stock Connect brought disappointment to investors speculating on a short-term boost of the Hong Kong stock market, there are however other longer term benefits arising from the new programme which should not be undermined. The programme will potentially unleash significant fund outflows in both directions, with the chance open up to Mainland investors to invest in major Hong Kong and Chinese companies that are listed only in Hong Kong. Foreign investors also gain access to the A-share market. This may help diversify the portfolios of Chinese investors, increase efficiencies for trading in Chinese companies that are dual-listed on both exchanges, and prompt rapid inclusion of Chinese stocks in global benchmark stock indices. For Hong Kong, the new programme is a big step forward for internationalisation of Renminbi and has reinforced Hong Kong's position as a gateway to investment in China. The opportunities ahead are unprecedented.

In 2014, Hong Kong's IPO market largely followed a trend similar to 2013. With promising IPO pipeline and optimistic economic outlook, it is expected that such momentum in the market will continue and IPO activity will remain robust in 2015. However, negative factors do exist. Appreciation in exchange rates due to strong US dollars and competition from other global exchanges may bring potential negative impact on the Hong Kong IPO market.

The growth in capital market complexity and sophistication, together with more stringent and changing regulations create ever-increasing demands for professionals and expertise with high calibre. Human assets are always highly valued by the Group. Over the year, we continued 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.

Employee Information

EMPLOYEE INFORMATION

As at 31 December 2014, the Group had 244 employees. 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$116.4 million.

BENEFITS

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

TRAINING

The Group has implemented various training policies and organised a number of training programs aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, team building, communication, languages, presentation, coaching, quality management and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staffs, who are licensed persons under the SFO, to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO. The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures, rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Bankee Pak-hoo KWAN

Chairman

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

Mr Kwan, aged 55, 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 and Investment 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; and 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 a member of the Minimum Wage Commission; the Small and Medium Enterprises Committee (SMEC), Trade and Industry Department; 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 and The Hong Kong Institute of Education Foundation, and a member of the Organising Committee of the HKMA/TVB awards for Marketing Excellence.

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 the chairman of CASH. He is a member of the Remuneration Committee, as well as a member of the remuneration committee of CASH.

Bernard Ping-wah LAW

CFO

MBA, FCCA, FCPA, MHKSI

Mr Law, aged 56, 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 received a Master of Business Administration Degree from The University of Warwick, UK. 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 and Investment Institute. Mr Law is also an executive director and chief financial officer of CASH.

Majone Pui-lai CHENG

Chief Executive Officer of Investment Services Group

MSc, BEcon

Ms Cheng, aged 42, joined the Board on 1 June 2011. She oversees the Group's business development and management of the Group. Ms Cheng has extensive relevant experiences in the financial services industry. She received a Master of Science Degree in Financial Management from The University of London, UK and a Bachelor of Economics Degree from The University of Hong Kong. Ms Cheng is a responsible officer of Celestial Securities and Celestial Commodities respectively.

Raymond Kung-chit NG

Executive Director
M Mgmt, B Comm
Mr Ng, aged 46, joined the Board on 1 May 2014. He is in charge of the Group's corporate management and operation control. Mr Ng has extensive management experience in corporate management and operation control. He received a Master of Management Degree from Macquarie University, Australia, and a Bachelor of Commerce Degree from the University of Toronto, Canada.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Raymond Shu-shing CHENG

INED
Mr Cheng, aged 59, 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, the president of the Lions Club of Tuen Mun and the President of Love U All Charitable Foundation. 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 56, joined the Board on 27 September 2005. Mr Lo has extensive experience in the accounting, auditing and finance field. He received a Master of Business Administration Degree from The Oklahoma City University, US and a Bachelor of Laws Degree (LLB) from The University of London, UK. Mr Lo is a fellow of The Association of Chartered Certified Accountants. Mr Lo is also a Certified Financial Consultant of US and a member of the Audit Committee.

Charles Ming-chi LO

INED
CPA, FFSI
Mr Lo, aged 65, 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

Connie Wai-yin SHUM

Chief Operating Officer of Investment Services Group
MAcc, BBA
Ms Shum, aged 40, 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 of Professional Accounting Degree from the Hong Kong Polytechnic University and a Bachelor of Business Administration (Hons) Degree in Finance from the Hong Kong Baptist University.

Suzanne Wing-sheung LUKE

Company Secretary
FCIS, FCS (PE)
Ms Luke, aged 46, 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.

Horace Pak-leung KWAN

Deputy Chief Operating Officer of Investment Services Group
MHKSI
Mr Kwan, aged 51, 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 financial products. He is an ordinary member of Hong Kong Securities and Investment Institute. Mr Kwan is a responsible officer of Celestial Securities and Celestial Commodities. 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).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Wallace Hon-ming WONG

Financial Controller

BA, CPA

Mr Wong, aged 48, joined the Group in March 2000. He has extensive 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 of Arts Degree in Accountancy from The City University of Hong Kong.

Susanna Siu-fei CHAN

General Manager, Service Assurance

BBS

Ms Chan, aged 42, 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 of Business Studies Degree in Management from the National University of Ireland. She is the spouse of Mr Kwan Pak Leung Horace (a senior management of the Group).

Rozina Lok-sze CHO

Head of E-Commerce and Strategic Business Development

BCom

Ms Cho, aged 39, joined the Group in August 1997. She is responsible for the electronic trading and strategic businesses of the Group. She has extensive financial services experience in electronic trading, marketing, compliance and operations. She received a Bachelor of Commerce Degree from McGill University in Canada majoring in marketing.

Michael Man LAM

Managing Director and Head of Investment Banking

BA, MHKSI

Mr Lam, aged 38, joined the Group in November 2008. He is in charge of the Group's investment banking business. He possesses extensive experience in corporate finance and capital markets. Mr Lam received a Bachelor of Arts (Hons) Degree in Business Studies and is a member of Hong Kong Securities and Investment Institute. He is also a responsible officer of Celestial Capital.

Patrick Ho-yin YIU

Head of Asset Management

BEcon

Mr Yiu, aged 41, 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 of Economics Degree from The Chinese University of Hong Kong. He is a responsible officer of CASH Asset Management and CASH Wealth Management.

Kathy Wai-ling HUI

Head of Legal and Compliance

LL.B, PCL

Ms Hui, aged 30, joined the Group in September 2009. She assumes the overall responsibility for the legal and compliance of the Group. Ms Hui received a Bachelor of Laws and Business Studies (LLB) Degree 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.

Winky Wing-hang YAN

Head of Information Technology

BEng

Mr Yan, aged 38, 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 of Engineering Degree in Computer Science from The Hong Kong University of Science and Technology.

Chris Ka-ho TAM

Head of Wealth Management and Investment Services

MPhil, BSc

Mr Tam, aged 32, joined the Group in September 2013. He is in charge of the Group's Wealth Management and Investment Services. He has extensive experience in investment services. Mr Tam received a Master of Philosophy Degree and a Bachelor of Science Degree from The University of Hong Kong. He is a responsible officer of CASH Wealth Management.

Hanson Hin-sing HO

Managing Director, CASH Trinity Bullion

BSc, MSc

Mr Ho, aged 45, joined the Group in September 2014. He is responsible for the business development of the bullion trading market of the Group. He has extensive experience in wealth management and business development. Mr Ho received a Master of Science Degree in Financial Engineering from The City University of Hong Kong and a Bachelor in Actuarial Science Degree from University of Toronto, Canada.

Hilton Kwok-hung CHAN

Chief Executive Officer of Algo Finance Group

PhD

Dr Chan, aged 52, joined the Group in December 2013. He is responsible for overseeing the Group's 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.

Eugene Ka-kin LAW

Chief Operating Officer of Algo Finance Group

BA, FHKSI

Mr Law, aged 54, joined the Group in December 2014. He is in charge of the Group's Algorithmic operations, infrastructure and business development. Mr Law has more than 30 years' experience in the financial services industry covering both buy and sell sides. He is an all-round expert specialising in areas of research, investment advisory, strategic planning and business management. Mr Law received a Bachelor of Arts Degree in Economics from The City of London Polytechnic, UK and is a fellow member of Hong Kong Securities and Investment Institute.

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 2014, 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.

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 15 to 17 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 acted as the CEO during the period from 1 January 2014 to 30 April 2014 and was responsible for the Group's overall business development and management and attending to the formulation and successful implementation of the Group's policies. Since the resignation of the CEO on 1 May 2014, the Board is under the leadership of the Chairman of the Board. Such strong and consistent leadership allows for effective and efficient planning and implementation of business decisions and strategies for the Group.

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.

CORPORATE GOVERNANCE REPORT

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 (Notes)
Kwan Pak Hoo Bankee	(a) to (e)
Law Ping Wah Bernard	(a), (b), (c), (e)
Cheng Pui Lai Majone	(a), (b), (d), (e)
Ng Kung Chit Raymond (was appointed on 1 May 2014)	(b)
Cheng Shu Shing Raymond	(b)
Lo Kwok Hung John	(b)
Lo Ming Chi Charles	(b)
Chan Chi Ming Benson (resigned on 1 May 2014)	(a), (b), (d)

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**
EDs					
Kwan Pak Hoo Bankee	12/12	5/5	N/A	1/1	1/1
Law Ping Wah Bernard	11/12	5/5	N/A	N/A	1/1
Cheng Pui Lai Majone	12/12	5/5	N/A	N/A	1/1
Ng Kung Chit Raymond (was appointed on 1 May 2014)	8/8	3/3	N/A	N/A	1/1
Chan Chi Ming Benson (resigned on 1 May 2014)	4/4	2/2	N/A	N/A	N/A
INEDs					
Cheng Shu Shing Raymond	N/A	5/5	4/4	1/1	1/1
Lo Kwok Hung John	N/A	5/5	4/4	N/A	0/1
Lo Ming Chi Charles	N/A	5/5	4/4	1/1	1/1
Total number of meetings held:	12	5	4	1	1

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 February 2012 is available on the Company's website. Pursuant to model B.1.2(c)(ii) and the terms of reference in the CG Code adopted by the Remuneration Committee, its primary duties are to make recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual EDs and senior management. Details of the remuneration of each of the Directors for the year are set out in note 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 POLICY FOR THE DIRECTORS

Nomination of the Directors

The Company had adopted a nomination policy incorporating the diversity policy for the criteria, procedures, and process of the appointment and removal of the Directors. The criteria to select candidates for directorship is based on a range of diversity perspectives, including gender, age, culture and educational background, 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 continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for our business model and specific needs from time to time. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

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

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

Remuneration policy of the Directors

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

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

The remuneration of EDs generally consists of:

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

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

The remuneration paid to and/or entitled by each of the Directors for the year under review is set out in note 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 (if any) was sent to shareholders at least 10 clear business days before such meetings in year 2014.

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	1,705,000
Non-audit services:	25,000
Review of the preliminary results announcement	70,000
	1,800,000

On behalf of the Board
Bankee P. Kwan
Chairman

Hong Kong, 23 March 2015

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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are (a) provision of 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) provision of margin financing and money lending services, and (d) provision of corporate finance services.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 43 of this annual report.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: 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 2014 is set out on page 130 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 45 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the section of "Consolidated Statement of Changes in Equity" in the consolidated financial statements on page 46 of this annual report.

Details of movements in the reserves of the Company during the year are set out in the section of "Appendix II — Summarised Statement of Financial Position of the Company" on page 129 of this annual report.

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

Margin Financing Arrangement

Celestial Securities (a wholly-owned subsidiary of the Group) entered into the existing margin financing agreements with each of the following connected clients:

(i) Margin financing agreements all dated 14 December 2012 (as disclosed in the Company's announcement dated 14 December 2012 and circular dated 2 January 2013, and was approved by the independent Shareholders at a SGM held on 22 January 2013)

   (a) Mr Kwan Pak Hoo Bankee

   (b) Mr Law Ping Wah Bernard

   (c) Ms Cheng Pui Lai Majone

   (d) Mr Ng Kung Chit Raymond

   (e) Mr Chan Chi Ming Benson

   (f) Mr Cheng Man Pan Ben

   (g) Dr Chan Yau Ching Bob

   (h) Cash Guardian

   (i) Libra Capital Management (HK) Limited

   (j) Cashflow Credit Limited

(ii) Margin financing agreements all dated 27 March 2014 (as disclosed in the Company's announcement dated 27 March 2014 and circular dated 17 April 2014, and was approved by the independent Shareholders at an AGM held on 26 May 2014)

   (a) Mr Ng Hin Sing Derek

   (b) Mr Kwan Pak Leung Horace

   (c) Ms Chan Siu Fei Susanna

   (d) Mr Tsui Wing Cheong Sammy

Pursuant to the respective margin financing agreements, 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 interest of the margin financing facility) for each of the three financial years (for (i) above) and for each of the two financial years (for (ii) above) ending 31 December 2015. Each of the margin financing facilities 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 respective margin financing agreements, the above connected clients were either directors or substantial Shareholder of the Group and/or CASH 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 arrangements constituted continuing connected transactions relating to financial assistance for the Company under the Listing Rules.

As at 31 December 2014, Mr Chan Chi Ming Benson, Mr Cheng Man Pan Ben, Dr Chan Yau Ching Bob and Mr Tsui Wing Cheong Sammy (items (i)(e) to (g) and (ii)(d) above) had resigned as directors of the Group and/or CASH Group. They would cease as connected persons of the Group after 12 months of their respective resignation in accordance with the Listing Rules.

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 29 to the consolidated financial statements. The commission and interest income received from the connected clients during the year under review are disclosed in note 43 to the consolidated financial statements.

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 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the auditor and the Company to the Stock Exchange.

RELATED PARTIES TRANSACTIONS

The Group has entered into related party transactions under the applicable accounting standards as disclosed in note 43 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.

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' REPORT

DIRECTORS

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

Executive Directors:

Kwan Pak Hoo Bankee
Law Ping Wah Bernard
Cheng Pui Lai Majone
Ng Kung Chit Raymond (was appointed on 1 May 2014)
Chan Chi Ming Benson (resigned on 1 May 2014)

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 Kwan Pak Hoo Bankee and Ms Cheng Pui Lai Majone, 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;

(ii) Mr Ng Kung Chit Raymond, being newly appointed ED, shall retire at the AGM in accordance with the Company's bye-laws; and

(iii) 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 arrangements 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 2014, 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	30,000,000	104,471,520*	3.30
Law Ping Wah Bernard	Beneficial owner	27,506,160	—	0.67
Cheng Pui Lai Majone	Beneficial owner	29,400,000	—	0.72
Ng Kung Chit Raymond	Beneficial owner	29,154,000	—	0.71
Lo Kwok Hung John	Beneficial owner	2,095,500	—	0.05
		118,155,660	104,471,520	5.45

* 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 scheme

Name	Date of grant	Option period	Notes	Exercise price per Share (HK$)	Number of options: outstanding as at 1 January 2014	granted during the year (Notes (3)&(4))	reallocated upon change of directorate (Note (2))	exercised during the year (Note (5))	lapsed during the year (Note (6))	outstanding as at 31 December 2014	Percentage to issued shares as at 31 December 2014 (%)
Kwan Pak Hoo Bankee	11/10/2012	11/10/2012–31/10/2014	(1)	0.093	39,000,000	–	–	–	(39,000,000)	–	–
	11/04/2014	11/04/2014–31/12/2017	(1)	0.097	–	30,000,000	–	(30,000,000)	–	–	–
Law Ping Wah Bernard	11/10/2012	11/10/2012–31/10/2014	(1)	0.093	39,000,000	–	–	–	(39,000,000)	–	–
	11/04/2014	11/04/2014–31/12/2017	(1)	0.097	–	30,000,000	–	(30,000,000)	–	–	–
Cheng Pui Lai Majone	11/10/2012	11/10/2012–31/10/2014	(1)	0.093	39,000,000	–	–	–	(39,000,000)	–	–
	11/04/2014	11/04/2014–31/12/2017	(1)	0.097	–	30,000,000	–	(30,000,000)	–	–	–
Ng Kung Chit Raymond (Note (2))	11/10/2012	11/10/2012–31/10/2014	(1)	0.093	N/A	–	20,000,000	–	(20,000,000)	–	–
	11/04/2014	11/04/2014–31/12/2017	(1)	0.097	N/A	N/A	30,000,000	(30,000,000)	–	–	–
Chan Chi Ming Benson (Note (2))	11/10/2012	11/10/2012–31/10/2014	(1)	0.093	39,000,000	–	–	–	(39,000,000)	–	–
					156,000,000	90,000,000	50,000,000	(120,000,000)	(176,000,000)	–	–

Notes:

(1) 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.

(2) Mr Ng Kung Chit Raymond was appointed and Mr Chan Chi Ming Benson resigned as directors of the Company during the year.

(3) The closing price of the share immediately before the date of grant of options on 11 April 2014 was HK$0.100.

(4) The value of the 90,000,000 options granted to the Directors during the year was HK$4,554,000 as the performance target has been achieved by the grantees.

(5) During the year, the following options granted on 11 April 2014 held by Directors of the Company were exercised:–

Date of exercise	Number of options	Exercise price per Share (HK$)	Weighted average closing price of the Shares immediately before the date of exercise (HK$)
11 July 2014	60,000,000	0.097	0.184
10 September 2014	60,000,000	0.097	0.320
Total	120,000,000		

(6) The lapsed options were due to expiry of the options or resignation of director with the Company.

(7) No option was cancelled during the year.

(8) The options were held by the directors of the Company in the capacity of beneficial owners.

B. Associated corporation (within the meaning of SFO)

CASH

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

Name	Capacity	Number of shares: Personal	Number of shares: Corporate interest	Shareholding (%)
Kwan Pak Hoo Bankee	Beneficial owner and interest in a controlled corporation	2,840,000	176,805,205*	32.42
Law Ping Wah Bernard	Beneficial owner	18,230,208	—	3.29
		21,070,208	176,805,205	35.71

* The shares were held by Cash Guardian. Mr Kwan 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 (HK$)	Notes	Number of options: outstanding as at 1 January 2014	reallocated upon change of directorate (Note (3))	granted during the year (Notes (4) & (5))	lapsed during the year (Note (6))	outstanding as at 31 December 2014	Percentage to issued shares as at 31 December 2014 (%)
Kwan Pak Hoo Bankee	11/10/2012	11/10/2012–31/10/2014	0.624	(1)&(2)	4,050,000	–	–	(4,050,000)	–	–
	02/09/2014	02/09/2014–31/08/2018	0.620	(2)	–	–	5,000,000	–	5,000,000	0.90
Law Ping Wah Bernard	11/10/2012	11/10/2012–31/10/2014	0.624	(2)	4,050,000	–	–	(4,050,000)	–	–
	02/09/2014	02/09/2014–31/08/2018	0.620	(2)	–	–	5,000,000	–	5,000,000	0.90
Cheng Pui Lai Majone	02/09/2014	02/09/2014–31/08/2018	0.620	(2)	–	–	2,300,000	–	2,300,000	0.41
Ng Kung Chit Raymond	11/10/2012	11/10/2012–31/10/2014	0.624	(2)	N/A	2,250,000	–	(2,250,000)	–	–
(Note (3))	02/09/2014	02/09/2014–31/08/2018	0.620	(2)	–	–	2,300,000	–	2,300,000	0.41
Chan Chi Ming Benson	11/10/2012	11/10/2012–31/10/2014	0.624	(2)	2,250,000	–	–	(2,250,000)	–	–
					10,350,000	2,250,000	14,600,000	(12,600,000)	14,600,000	2.62

Notes:

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

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

(3) Mr Ng Kung Chit Raymond was appointed as director of the Company during the year.

(4) The closing price of the share immediately before the date of grant of option on 2 September 2014 was HK$0.60.

(5) The value of the 14,600,000 options granted to the Directors during the year ended 31 December 2014 was HK$2,189,860 as the performance target is probable to be achieved by the grantees.

(6) The lapsed options were due to expiry of the options or resignation of participants with member of the Group.

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

(8) The options are held by the directors of CASH in the capacity of beneficial owners.

Save as disclosed above, as at 31 December 2014, none of the Directors, chief executives or their associates had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to an ordinary resolution passed at a 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 42 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 2014.

Name of scheme	Date of grant	Option period	Exercise price per share HK$	Notes	Number of options: outstanding as at 1 January 2014	granted during the year (Notes (4) & (5))	reallocated upon change of directorate (Note (8))	exercised during the year (Note (6))	lapsed during the year (Note (7))	outstanding as at 31 December 2014
Directors										
The Share Option Scheme	11/10/2012	11/10/2012–31/10/2014	0.093	(1)&(2)	156,000,000	–	20,000,000	–	(176,000,000)	–
	11/4/2014	11/4/2014–31/12/2017	0.097	(1)&(2)	–	90,000,000	30,000,000	(120,000,000)	–	–
					156,000,000	90,000,000	50,000,000	(120,000,000)	(176,000,000)	–
Employees and consultants										
The Share Option Scheme	11/10/2012	11/10/2012–31/10/2014	0.093	(2)	119,000,000	–	(20,000,000)	–	(99,000,000)	–
	11/4/2014	11/4/2014–31/12/2017	0.097	(2)	–	171,000,000	(30,000,000)	(36,000,000)	(30,000,000)	75,000,000
	2/5/2014	2/5/2014–31/10/2014	0.090	(3)	–	38,000,000	–	(38,000,000)	–	–
	22/5/2014	22/5/2014–31/12/2017	0.091	(2)	–	46,000,000	–	–	–	46,000,000
					119,000,000	255,000,000	(50,000,000)	(74,000,000)	(129,000,000)	121,000,000
					275,000,000	345,000,000	–	(194,000,000)	(305,000,000)	121,000,000

Notes:

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

(2) The 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.

(3) The options must be exercised within 8 months from the date of grant of the options and upon satisfactory delivery of services.

(4) The closing prices of the share immediately before the date of grant of options on 11 April 2014, 2 May 2014 and 22 May 2014 were HK$0.100, HK$0.089 and HK$0.091 respectively.

(5) Details of the valuation of the options granted during the year ended 31 December 2014 under the Share Option Scheme and the assumption made and the Black-Scholes pricing model used for calculation are set out in note 42 to the consolidated financial statements.

(6) During the year, the following options held by participants of members of the Group were exercised:-

Date of exercise	Number of options	Exercise price per Share (HK$)	Weighted average closing price of the Shares immediately before the date of exercise (HK$)
11 July 2014	60,000,000	0.097	0.184
10 September 2014	96,000,000	0.097	0.320
23 September 2014	38,000,000	0.090	0.330
Total	194,000,000		

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

(8) The reallocation of options was due to the appointment of Mr Ng Kung Chit Raymond as director of the Company during the year.

(9) No option was cancelled during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, 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 (%)
CASH *(Note)*	Interest in a controlled corporation	1,657,801,069	40.71
Praise Joy Limited *(Note)*	Interest in a controlled corporation	1,657,801,069	40.71
CIGL *(Note)*	Beneficial owner	1,657,801,069	40.71

Note: This refers to the same number of 1,657,801,069 Shares held by CIGL, a wholly-owned subsidiary of Praise Joy Limited (which was 100% beneficially owned by CASH (the holding company of the Company)).

Save as disclosed above, as at 31 December 2014, 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 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

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

There have been no 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, 23 March 2015

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 ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 126, which comprise the consolidated statement of financial position as at 31 December 2014, 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 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	**2014 HK$'000**	2013 HK$'000
Continuing operations			
Revenue	5	**198,063**	194,565
Other income	7	**6,238**	8,717
Other gains and losses	8	**84,706**	65,166
Salaries, commission and related benefits	9	**(174,622)**	(157,340)
Depreciation		**(11,702)**	(26,160)
Finance costs	10	**(13,579)**	(9,794)
Other operating and administrative expenses		**(115,695)**	(136,916)
Change in fair value of investment properties	20	**37,088**	(5,083)
Share of profit (loss) of an associate	27	**60,463**	(9)
Profit (loss) before taxation		**70,960**	(66,854)
Income tax (expense) credit	14	**(16,633)**	4,439
Profit (loss) for the year from continuing operations	17	**54,327**	(62,415)
Discontinued operations			
Profit for the year from discontinued operations	15	**—**	3,270
Profit (loss) for the year		**54,327**	(59,145)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,772)**	5,772
Other comprehensive (expense) income for the year (net of tax)		**(2,772)**	5,772
Total comprehensive income (expense) for the year		**51,555**	(53,373)
Profit (loss) for the year attributable to the owners of the Company			
— from continuing operations		**32,675**	(62,412)
— from discontinued operations		**—**	3,270
		32,675	(59,142)
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		**21,652**	(3)
		54,327	(59,145)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**30,770**	(55,199)
Non-controlling interests		**20,785**	1,826
		51,555	(53,373)
Earnings (loss) per share for profit (loss) attributable to the owners of the Company during the year	18		
From continuing and discontinued operations			
— Basic (HK cents)		**0.83**	(1.53)
— Diluted (HK cents)		**0.80**	(1.53)
From continuing operations			
— Basic (HK cents)		**0.83**	(1.61)
— Diluted (HK cents)		**0.80**	(1.61)

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property and equipment	19	**38,136**	33,860
Investment properties	20	**213,666**	57,112
Goodwill	21	**—**	2,661
Intangible assets	22	**9,752**	9,752
Other assets	24	**4,792**	34,052
Rental and utility deposits		**2,088**	4,267
Available-for-sale financial assets	25	**21,031**	21,031
Interest in an associate	27	**1,434**	158,154
Loans receivable	26	**—**	1,480
Deferred tax assets	16	**—**	1,000
		290,899	323,369
Current assets			
Accounts receivable	29	**706,440**	608,324
Loans receivable	26	**42,561**	23,951
Loan to an associate	27	**—**	10,296
Other assets	24	**7,317**	29,084
Prepayments, deposits and other receivables	34	**13,579**	47,089
Tax recoverable		**16**	3,582
Investments held for trading	30	**44,545**	54,735
Bank deposits subject to conditions	31	**17,155**	17,155
Bank balances – trust and segregated accounts	28	**792,117**	784,704
Bank balances (general accounts) and cash	28	**172,100**	167,505
		1,795,830	1,746,425
Current liabilities			
Accounts payable	32	**1,108,306**	1,032,388
Financial liabilities at fair value through profit or loss	37	**1,055**	19,701
Accrued liabilities and other payables	36	**67,103**	115,285
Taxation payable		**16,478**	7,395
Bank borrowings — amount due within one year	33	**171,734**	233,625
Amount due to a fellow subsidiary	28	**26,350**	47,621
Loan from a non-controlling shareholder	28	**—**	27,437
		1,391,026	1,483,452
Net current assets		**404,804**	262,973
Total assets less current liabilities		**695,703**	586,342

Consolidated Statement of Financial Position (continued)

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deferred tax liabilities	16	**7,860**	1,569
Bank borrowings — amount due after one year	33	**91,516**	22,575
		99,376	24,144
Net assets		**596,327**	562,198
Capital and reserves			
Share capital	35	**81,437**	77,558
Reserves		**509,304**	448,526
Equity attributable to owners of the Company		**590,741**	526,084
Non-controlling interests		**5,586**	36,114
Total equity		**596,327**	562,198

The consolidated financial statements on pages 43 to 126 were approved and authorised for issue by the Board of Directors on 23 March 2015 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 2014

	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$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2013	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 below)	—	—	(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 below)	—	(100,000)	100,000	—	—	—	—	—	—
At 31 December 2013	77,558	359,940	117,788	—	16,511	(45,713)	526,084	36,114	562,198
Profit for the year	—	—	—	—	—	32,675	32,675	21,652	54,327
Exchange differences arising on translation of foreign operations	—	—	—	—	(1,905)	—	(1,905)	(867)	(2,772)
Other comprehensive expense for the year (net of tax)	—	—	—	—	(1,905)	—	(1,905)	(867)	(2,772)
Total comprehensive income (expenses) for the year	—	—	—	—	(1,905)	32,675	30,770	20,785	51,555
Recognition of equity-settled share based payments	—	—	—	15,335	—	—	15,335	—	15,335
Issue of ordinary shares upon exercise of share options (note 42)	3,879	22,639	—	(7,966)	—	—	18,552	—	18,552
Effect of share option lapsed	—	—	—	(1,518)	—	1,518	—	—	—
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	(51,313)	(51,313)
At 31 December 2014	**81,437**	**382,579**	**117,788**	**5,851**	**14,606**	**(11,520)**	**590,741**	**5,586**	**596,327**

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, the transfer 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 a Board of Directors meeting held on 31 May 2013.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Operating activities			
Profit (loss) for the year		**54,327**	(59,145)
Adjustments for:			
Income tax		**16,633**	(3,439)
Write-down on inventories		**—**	1,140
Depreciation of property and equipment	19	**11,702**	35,691
Interest expense		**13,579**	12,483
Change in fair value of investment properties		**(37,088)**	5,083
Loss on disposal/written off of property and equipment		**467**	6,607
(Write back) allowance on bad and doubtful loans receivable, net	26	**(2,700)**	1,000
Impairment on intangible assets	22	**—**	300
Share-based payment expenses		**15,335**	—
Write back of bad debt on accounts receivable and other receivables, net	29	**(2,631)**	(2,048)
Gain on disposal of a commercial property		**(18,002)**	—
Impairment on goodwill	21	**2,661**	—
Share of (profit) loss of an associate	27	**(60,463)**	9
Operating cash flows before movements in working capital		**(6,180)**	(2,319)
Decrease in rental and utility deposits		**2,179**	2,760
Decrease in inventories		**—**	841
(Increase) decrease in accounts receivable		**(95,485)**	313,756
(Increase) decrease in loans receivable		**(14,430)**	35,065
Decrease (increase) in prepayments, deposits and other receivables		**33,510**	(39,010)
Decrease in investments held for trading		**10,190**	58,887
Increase in bank balances — trust and segregated accounts		**(7,413)**	(2,411)
(Decrease) increase in financial liabilities at fair value through profit or loss		**(18,646)**	19,701
Increase (decrease) in accounts payable		**75,918**	(407,588)
Decrease in accrued liabilities and other payables		**(24,096)**	(11,043)
Cash used in operations		**(44,453)**	(31,361)
Income taxes refunded		**3,426**	681
Income taxes paid		**(120)**	(426)
Net cash used in operating activities		**(41,147)**	(31,106)
Investing activities			
Acquisition of available-for-sale financial assets		**—**	(21,031)
Settlement of consideration on disposals of investment properties in prior year		**—**	6,458
Refund (placement) of statutory and other deposits		**4,602**	(2,705)
Deposit paid for purchase of properties		**—**	(23,411)
Purchase of property and equipment	19	**(16,547)**	(18,574)
Proceeds on disposal of a commercial property		**133,592**	7,986
Proceeds on disposal of property and equipment		**97**	—
Purchase of investment properties		**(96,844)**	—
Purchase of a commercial property		**(92,253)**	—
Capital distributed from an associate		**214,704**	—
Repayment of loan to an associate		**10,296**	—
Net cash generated from (used in) investing activities		**157,647**	(51,277)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Financing activities			
Distribution in species of shares in a subsidiary	38	**—**	(86,157)
Proceeds on issue of shares		**18,552**	—
Increase in bank borrowings		**7,050**	28,920
Advance of loan payable		**14,014**	38,100
Repayment of loan payable		**(38,100)**	—
Repayment to a fellow subsidiary		**(21,271)**	(7,328)
Dividends paid to non-controlling shareholders		**(51,313)**	—
Interest paid on bank borrowings		**(8,533)**	(12,476)
Interest paid on obligations under finance leases	10	**—**	(7)
Repayment of obligations under finance leases		**—**	(263)
Interest paid to other borrowings		**(5,046)**	—
Repayment of loan from non-controlling interests		**(27,437)**	—
Net cash used in financing activities		**(112,084)**	(39,211)
Net increase (decrease) in cash and cash equivalents		**4,416**	(121,594)
Cash and cash equivalents at beginning of year		**167,505**	291,250
Effect of change in foreign exchange rate		**179**	(2,151)
Cash and cash equivalents at end of year		**172,100**	167,505
Bank balances (general accounts) and cash		**172,100**	167,505

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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 2014, Celestial Investment Group Limited ("CIGL"), a wholly owned subsidiary of Celestial Asia Securities Holdings Limited ("CASH"), which is regarded by the directors of the Company as the ultimate holding company of the Company and is incorporated in Bermuda and its shares are also listed on the Main Board of the Stock Exchange, owns 40.71% (2013: 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 directors of the Company regard the Company 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; and
- provision of corporate finance services.

The Group was also engaged in sales of furniture and household goods and electrical appliances which was discontinued during the year ended 31 December 2013 upon the occurrence of the 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 HONG KONG FINANCIAL REPORTING STANDARDS ("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 the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) — INT 21	Levies

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("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 10, HKFRS 12 and HKAS 27 Investment entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment entities" for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognized in the Group's consolidated financial statements.

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

HK(IFRIC) — INT 21 Levies

HK(IFRIC) — INT 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) — INT 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[4]
Amendments to HKAS 27	Equity method in separate financial statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRS 10 HKFRS12 and HKAS 28	Investment entities: Applying the consolidation exception[5]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010—2012 cycle[6]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011—2013 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012—2014 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

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

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may affect the classification and measurement of the Group's financial assets and financial liabilities (e.g. the Group's unlisted investment in equity securities that are currently classified as available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company do not expect to early adopt HKFRS 9 before its effective date.

Except for the above, the directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the consolidated financial statements of the Group.

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 recognised 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 distributes 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenue 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessee

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit 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).

Investment properties

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

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

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 40.

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 liabilities held for trading.

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

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties at 31 December 2014 are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The directors have determined that the business model under which investment properties are held by the Group has changed from preceding years, whereby the Group's investment properties were expected to recover through sale at 31 December 2013. Such change in business model occurred after taking into account various factors, including the changes in real estate market conditions in PRC. Therefore, in determining deferred taxation on investment properties, the directors of the Company have determined that the presumption set out in HKAS12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted. Thus, the Group has estimated the deferred tax liability taking into account the Hong Kong Profits Tax and enterprise income tax in the PRC.

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

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 2014, the aggregate carrying amount of accounts and loans receivable is HK$749,001,000 (2013: HK$633,755,000) (net of allowance for bad and doubtful debts amounting to HK$33,227,000 (2013: HK$48,473,000)).

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$304,729,000 (2013: HK$266,511,000). 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 and trading rights

Assessing impairment requires estimation of recoverable amounts of the relevant property and equipment and trading rights or the respective cash generating units ("CGUs") in which the property and equipment as well as trading rights 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 and broking of securities to which the trading rights 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.

As at 31 December 2014, the carrying amounts of trading rights amounted to HK$9,092,000 (2013: HK$9,092,000).

Estimated impairment of accounts receivable from a broker

As described in note 29, the directors of the Company, based on the best information available as at 31 December 2014, assessed the provision for estimated compensation on potential uncollectable amount of an account balance held on behalf of its client of HK$6,147,000 (2013: HK$15,368,000) 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

	2014 HK$'000	2013 HK$'000
Continuing operations		
Fees and commission income	**169,891**	168,308
Interest income	**28,172**	26,257
	198,063	194,565

6. SEGMENT INFORMATION

Reportable and operating segments

Information reported to the Chief Executive officer of the brokerage business of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focusing 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 during the year ended 31 December 2013, 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 segment 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 detail 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 the segment before gain on disposal of commercial property, change in fair value of investment properties, share of result of an associate and unallocated expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of performance.

Starting from the financial year ended 31 December 2013, net gain on investments held for trading activities and certain expenses (such as salaries expenses) incurred for the securities trading activities are included in the measurement of financial services operating segment for review by the CODM.

6. SEGMENT INFORMATION (continued)

Reportable and operating segments (continued)

Segment revenue and result (continued)

For the year ended 31 December 2014

Continuing operations

	Financial services HK$'000	Total HK$'000
Revenue	**198,063**	**198,063**
RESULT		
Segment loss	**(15,040)**	**(15,040)**
Gain on disposal of a commercial property		**18,002**
Change in fair value of investment properties		**37,088**
Share of profit of an associate		**60,463**
Unallocated expenses		**(29,553)**
Profit before taxation (continuing operations)		**70,960**

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)

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 the 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 the operating segment other than 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 2014

	Financial services HK$'000	Total HK$'000
ASSETS		
Segment assets	**1,828,848**	**1,828,848**
Interest in an associate		**1,434**
Other assets		**12,109**
Investment properties		**213,666**
Other unallocated assets		**30,672**
Consolidated total assets		**2,086,729**
LIABILITIES		
Segment liabilities	**1,378,308**	**1,378,308**
Deferred tax liabilities		**7,860**
Amount due to a fellow subsidiary		**26,350**
Other unallocated liabilities		**77,884**
Consolidated total liabilities		**1,490,402**

6. SEGMENT INFORMATION (continued)

Reportable and operating segments (continued)

Segment assets and liabilities (continued)

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)

Other information

For the year ended 31 December 2014

	Financial services HK$'000	Unallocated amount HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Addition to non-current assets	**16,547**	**119,932**	**136,479**
Interest income	**28,172**	**—**	**28,172**
Depreciation	**(11,471)**	**(231)**	**(11,702)**
Finance costs	**(10,960)**	**(2,619)**	**(13,579)**
Net gain on investments held for trading	**66,174**	**—**	**66,174**
Write back of bad debt on accounts receivable, net	**2,631**	**—**	**2,631**
Write back of bad debt on loan receivables, net	**2,700**	**—**	**2,700**
Net foreign exchange (loss) gain	**(1,795)**	**122**	**(1,673)**
Impairment on goodwill	**(2,661)**	**—**	**(2,661)**

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:			
Addition to non-current assets	11,349	12,440	23,789
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
Net foreign exchange gain	1,989	1,115	3,104

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 determined based on location of operation of the Group 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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (Place of domicile)	**198,063**	194,565	**209,421**	82,643
PRC	**—**	—	**60,447**	217,215
Total	**198,063**	194,565	**269,868**	299,858

There were no customer for the years ended 31 December 2014 and 2013, contributing over 10% of the Group's total revenue.

7. OTHER INCOME

	2014	2013
	HK$'000	HK$'000
Continuing operations		
Dividends from listed investments held for trading	**1,821**	1,929
Consulting fee income	**2,345**	5,657
Sundry income	**2,072**	1,131
	6,238	8,717

8. OTHER GAINS AND (LOSSES)

	2014	2013
	HK$'000	HK$'000
Continuing operations		
Net gain on investments held for trading	**66,174**	67,781
Loss on disposal/written off of property and equipment	**(467)**	(6,467)
Net foreign exchange (loss) gain	**(1,673)**	3,104
Write back of bad debt on accounts receivable, net	**2,631**	2,048
Write back of (allowance on) bad and doubtful loans receivable, net	**2,700**	(1,000)
Impairment on intangible assets	**—**	(300)
Impairment on goodwill	**(2,661)**	—
Gain on disposal of a commercial property (note)	**18,002**	—
	84,706	65,166

Note: In 2013, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of a commercial property which was under construction and for which the Group had not yet completed the purchase thereof. The transaction was completed in January 2014 upon delivery of the property. See note 24 for details.

9. SALARIES, COMMISSION AND RELATED BENEFITS

	2014 HK$'000	2013 HK$'000
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 and allowances	**97,184**	99,793
Sales commission	**58,245**	52,349
Share-based compensation	**15,335**	—
Contributions to retirement benefits schemes	**3,858**	5,198
	174,622	157,340

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Continuing operations		
Interest on:		
Bank overdrafts and borrowings:		
— wholly repayable within five years	**6,546**	8,919
— not wholly repayable within five years	**1,987**	868
Finance leases	**—**	7
Other borrowings	**5,046**	—
	13,579	9,794

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors and chief executive 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$'000	Cheng Pui Lai Majone HK$'000	Cheng Shu Shing Raymond HK$'000	Lo Kwok Hung John HK$'000	Lo Ming Chi Charles HK$'000	Ng Kung Chit Raymond HK$'000	2014 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	1,213	782	813	1,421	—	—	—	660	4,889
Share-based compensation	1,518	—	1,518	1,518	—	—	—	1,518	6,072
Contributions to retirement benefit scheme	61	31	41	59	—	—	—	33	225
Total remuneration	2,792	813	2,372	2,998	150	150	150	2,211	11,636

	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

During the year ended 31 December 2014, Mr. Chan Chi Ming Benson resigned as an executive director of the Company.

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

During the years ended 31 December 2014 and 2013, 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 2014 and 2013.

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

During the year ended 31 December 2014, Mr Ng Kung Chit Raymond was appointed as an executive director of the Company.

12. EMPLOYEES' REMUNERATION

Three (2013: one) of the five individuals with the highest emoluments in the Group were directors of the Company for the years ended 31 December 2014 and 2013. Details of these directors' emolument are included in the disclosures in note 11 above. The emoluments of the remaining two (2013: four) individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	4,291	7,100
Contributions to retirement benefit scheme	215	360
Performance related incentive payments (note)	2,598	16,870
	7,104	24,330

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

The remuneration of the two (2013: four) individuals (other than directors) were within the following bands:

	Number of employees 2014	2013
HK$1,500,001 to HK$2,000,000	—	1
HK$2,500,001 to HK$3,000,000	1	1
HK$4,000,001 to HK$4,500,000	1	—
HK$6,000,001 to HK$6,500,000	—	1
HK$13,000,001 to HK$13,500,000	—	1
	2	4

During the years ended 31 December 2014 and 2013, no remuneration was paid by the Group to the remaining two (2013: four) 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

	2014 HK$'000	2013 HK$'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 recorded was 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 38.

The directors of the Company do not recommend the payment of final dividend for the year ended 31 December 2014 (2013: HK$nil).

14. INCOME TAX EXPENSE (CREDIT)

	2014 HK$'000	2013 HK$'000
Continuing operations		
Current tax:		
— Hong Kong Profits Tax	7,665	650
Under (over) provision in prior years	1,677	(2,133)
Deferred tax (note 16)	7,291	(2,956)
	16,633	(4,439)

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

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC income tax has been made as they incurred tax losses in both years.

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

	2014 HK$'000	2013 HK$'000
Profit (loss) before taxation	70,960	(66,854)
Taxation at income tax rate of 16.5%	11,708	(11,032)
Tax effect of share of (profit) loss of associate	(9,976)	1
Under (over) provision in respect of prior year	1,677	(2,133)
Tax effect of expenses not deductible for tax purpose	5,543	298
Tax effect of income not taxable for tax purpose	(438)	(1,123)
Tax effect of utilisation of estimated tax losses previously not recognised	(988)	(324)
Tax effect of estimated tax losses not recognised	7,294	11,876
Others	1,813	(2,002)
Income tax expense (credit)	16,633	(4,439)

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 ended 31 December 2013 from the discontinued operations is set out below.

Profit for the year from discontinued operations

	1.1.2013 to 27.6.2013 HK$'000
Revenue	546,315
Other income	2,221
Cost of sales for retailing business	(322,197)
Salaries, commission and related benefits	(64,128)
Depreciation	(9,531)
Finance costs	(2,689)
Other operating and administrative expenses	(145,721)
Profit before tax	4,270
Income tax expenses	(1,000)
Profit for the year from discontinued operations	3,270
Profit for the year from discontinued operations attributable to owners of the Company	3,270
Profit for the year from discontinued operations has been arrived at after charging:	
Auditor's remuneration	900
Depreciation of property and equipment	
Owned assets	9,531
Operating lease rentals	86,697
Advertising and promotion expenses	10,410
Other selling and distribution expenses	19,315
Loss on written off of property and equipment	140
Write-down on inventories	1,140

During the year ended 31 December 2013, CASH Retail Management (HK) Limited and its subsidiary paid HK$38 million to the Group's net operating cash flows, and contributed HK$103 million in respect of investing activities and paid HK$90 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 38.

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 2013	6,700
Derecognised on distribution of a subsidiary (note 38)	(5,700)
At 31 December 2013	1,000
Charge to profit or loss	(1,000)
At 31 December 2014	—

Deferred tax liabilities

	Revaluation of investment properties HK$'000	Intangible asset HK$'000	Interest in an associate HK$'000	Total HK$'000
At 1 January 2013	(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 38)	—	51,316	—	51,316
At 31 December 2013	(1,569)	—	—	(1,569)
Charge to profit or loss for the year	(6,291)	—	—	(6,291)
At 31 December 2014	(7,860)	—	—	(7,860)

At 31 December 2014, the Group has estimated unused tax losses of approximately HK$304,729,000 (31 December 2013: HK$266,511,000), while HK$16,747,000 of 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 2014 and 2013 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.

For certain subsidiaries operated in PRC, unrecognised estimated tax losses of HK$84,111,000 (2013: HK$79,107,000) are subject to expiry periods of five years from the year in which the tax losses arose under the current tax legislation. The remaining estimated unused tax losses have no expiry date but are subject to further approval of the Hong Kong Inland Revenue Department.

17. PROFIT (LOSS) FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Continuing operations		
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration	**1,800**	1,640
Depreciation of property and equipment	**11,702**	26,160
Operating lease rentals	**28,713**	30,273
Handling expenses for securities dealing	**18,134**	19,061
Advertising and promotion expenses	**11,653**	14,820
Telecommunication expenses	**22,959**	23,994
Legal and professional fee	**9,086**	12,993

18. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

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

	2014 HK$'000	2013 HK$'000
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	**32,675**	(59,142)

	Number of shares 2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**3,946,226,711**	3,877,859,588
Effect of dilutive potential ordinary shares: Share options of the Company	**137,408,543**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**4,083,635,254**	3,877,859,588

Note: The computation of diluted loss per share for the year ended 31 December 2013 did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of the Company's share for that year.

18. EARNINGS (LOSS) PER SHARE (continued)

For continuing operations

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

	2014	2013
	HK$'000	HK$'000
Profit (loss) for the purposes of basic and diluted earnings (loss) per share	**32,675**	(62,412)

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

From discontinued operations

For the year ended 31 December 2013, basic and diluted earnings per share for discontinued operations was HK$0.08 cent per share, based on the profit for the year from discontinued operations attributable to owners of the Company of HK$3,270,000 and the denominators detailed above for both basic and diluted earnings (loss) per share from continuing and discontinued operations.

19. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST OR VALUATION					
At 1 January 2013	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
Exchange adjustments	—	(10)	—	—	(10)
Additions	8,945	227	7,375	—	16,547
Disposal/written off	(13,786)	(799)	(2,093)	—	(16,678)
At 31 December 2014	24,953	6,615	60,551	1,992	94,111
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2013	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
Exchange adjustments	—	(5)	—	—	(5)
Provided for the year	3,698	448	7,360	196	11,702
Eliminated on disposal/written off	(13,266)	(755)	(2,093)	—	(16,114)
At 31 December 2014	12,194	1,704	40,216	1,861	55,975
CARRYING VALUES					
At 31 December 2014	12,759	4,911	20,335	131	38,136
At 31 December 2013	8,032	5,181	20,320	327	33,860

19. PROPERTY AND EQUIPMENT (continued)

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

The above property and equipment are depreciated on a straight-line basis over the following years:

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 2013	68,832
Net decrease in fair value recognised in profit or loss	(5,083)
Disposals	(7,986)
Exchange adjustments	1,349
CARRYING VALUE	
At 31 December 2013	57,112
Net increase in fair value recognised in profit or loss	37,088
Additions	119,932
Exchange adjustments	(466)
At 31 December 2014	213,666
Unrealised gain (loss) on property revaluation included in "change in fair value of investment properties"	
For year ended 31 December 2014	37,088
For year ended 31 December 2013	(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.

20. INVESTMENT PROPERTIES (continued)

The investment properties of the Group are situated on:

	2014 **HK$'000**	2013 HK$'000
Land in Hong Kong		
— held on leases from 10-50 years	**155,000**	—
Land outside Hong Kong		
— held on leases from 10–50 years	**37,586**	36,322
— held on leases over 50 years	**21,080**	20,790
	213,666	57,112

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2014 and 2013 has been arrived at on the basis of a valuation carried out on the respective dates by CS Surveyors Limited for Hong Kong property and Peak Vision Appraisals Limited for PRC properties, 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 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 2014 and 2013				
Residential and commercial property units	Level 3	Direct comparison method based on market observable transactions of the same building and adjusted 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 0.4% to 3% View adjustment on the site view of the property concluding with an 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

	HK$'000
COST	
At 1 January 2013, 31 December 2013 and 31 December 2014	**5,380**
IMPAIRMENT	
At 1 January 2013, 31 December 2013 and 1 January 2014	**2,719**
Impairment during the year	**2,661**
At 31 December 2014	**5,380**
CARRYING VALUE	
At 31 December 2014	**—**
At 31 December 2013	**2,661**

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

22. INTANGIBLE ASSETS

	Trading rights HK$'000 (Note a)	**Club memberships** HK$'000 (Note b)	**Trademark** HK$'000 (Note c)	**Total** HK$'000
COST AND CARRYING VALUES				
At 1 January 2013	9,392	660	311,007	321,059
Derecognised on distribution of subsidiary (note 38)	—	—	(311,007)	(311,007)
Impaired during the year	(300)	—	—	(300)
At 31 December 2013, 1 January 2014 and 31 December 2014	9,092	660	—	9,752

Notes:

(a) At 31 December 2014, intangible assets amounting to HK$9,092,000 (2013: HK$9,092,000) represent trading rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange. 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 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 trading rights will not be amortised until their useful life are 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, Hong Kong Mercantile Exchange Limited ("HKME") voluntarily surrendered its authorisation to provide automated trading services, management of the Group determined that the associated trading right no longer existed, full impairment was provided. Particulars of the impairment testing of remaining balance are disclosed in note 23.

(b) At 31 December 2014, intangible assets amounting to HK$660,000 (2013: 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 2014 and 2013, 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)

Notes: (continued)

(c) At 1 January 2013, 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 had been performed by management of the Group, which supported that the trademark had no foreseeable limit to the period over which the products were 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 was expected to contribute to net cash inflows indefinitely. The trademark was not amortised until its useful life is determined to be finite. Instead it was tested for impairment annually and whenever there was 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 held the trademark to its shareholders as disclosed in note 38.

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

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

	Goodwill		**Trading rights**
	2014	**2013**	**2014 & 2013**
	HK$'000	HK$'000	HK$'000
Financial service — Broking of securities	—	—	9,092
Financial service — Corporate finance	—	2,661	—
	—	2,661	9,092

During the year ended 31 December 2014, management of the Group determines that there is no impairment of any of its CGUs containing trading rights while full impairment of HK$2,661,000 was made for goodwill allocated to certain corporate finance CGU which had been closed down in 2014.

During the year ended 31 December 2013, management of the Group determines that there was 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 (2013: 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% (2013: one-year period, and discount rate of 8%). 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 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 38).

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

	2014 HK$'000	2013 HK$'000
Statutory and other deposits with exchanges and clearing houses		
— current portion	**7,317**	5,747
— non-current portion	**4,792**	10,964
Deposits and direct costs paid for the purchase of properties (note)		
— current portion	**—**	23,337
— non-current portion	**—**	23,088
	12,109	63,136
Carrying amount analysed for reporting purposes:		
— current portion	**7,317**	29,084
— non-current portion	**4,792**	34,052
	12,109	63,136

The above deposits are non-interest bearing.

Note: The Group entered into sale and purchase agreements with a property developer on 10 November 2012 for the acquisition of two Hong Kong properties for capital appreciation purpose at a consideration of HK$230,142,000 of which deposits of HK$46,073,000 were paid to the property developer as at 31 December 2013. In 2013, the Group 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 the Property amounting to HK$23,337,000 was classified as current asset at 31 December 2013. The transactions were completed in January 2014 upon delivery of the Property to the Group and the Purchaser respectively.

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
	HK$'000	HK$'000
Unlisted investment		
— equity securities (at cost)	**21,031**	21,031

At 31 December 2014 and 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 in 2013, 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 had 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 2014 and 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

	2014	2013
	HK$'000	HK$'000
Loans receivable denominated in Hong Kong dollars	**73,156**	68,428
Less: Allowance for bad and doubtful debts	**(30,595)**	(42,997)
	42,561	25,431
Carrying amount analysed for reporting purposes:		
Current assets	**42,561**	23,951
Non-current assets	**—**	1,480
	42,561	25,431

26. LOANS RECEIVABLE (continued)

The credit quality of loans receivable are summarised as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**31,794**	17,364
Past due but not impaired	**6,737**	—
Impaired	**34,625**	51,064
	73,156	68,428
Less: Allowance for impairment	**(30,595)**	(42,997)
	42,561	25,431

Except for the loans receivable with the carrying amount of HK$10,767,000 (2013: HK$8,067,000) which is non-interest bearing, interest rates on the variable-rate loans receivable are Hong Kong Prime Rate plus a spread for both years.

Interest rates on the fixed-rate loans receivable with the carrying amount of HK$12,000,000 (2013: HK$13,581,000) is at 4.25% (2013: range from 2.5% to 4.25%) per annum as at 31 December 2014. The effective interest rates are equal to contractual interest rate.

The Group has a policy for assessing the impairment on loans receivable that are unsecured, those that are secured but without sufficient collateral and those with default or delinquency in interest or principal payment, on an individual basis. The assessment also includes 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.

Movements in the allowance for bad and doubtful debts are as follows:

	2014 HK$'000	2013 HK$'000
Balance at the beginning of the year	**42,997**	41,997
Write back during the year	**(2,700)**	—
Charge during the year	**—**	1,000
Amount write off during the year	**(9,702)**	—
Balance at the end of the year	**30,595**	42,997

26. LOANS RECEIVABLE (continued)

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

The loans receivable included a total carrying amount of HK$31,794,000 (2013: HK$17,364,000) which are neither past due nor impaired at the reporting date, for which the Group believes that the amounts are considered recoverable. An amount of HK$14,080,000 (2013: HK$13,570,000) is fully secured by a residential property at a fair value of approximately HK$43,300,000 (2013: HK$40,800,000) and the remaining amount of HK$17,714,000 (2013: HK$3,794,000) are unsecured and 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$30,595,000 (2013: HK$42,997,000) on the gross carrying amount of loans receivable amounting to HK$34,625,000 (2013: HK$51,064,000) were individually impaired up to the fair value of each client's pledged securities. At 31 December 2014, the fair value of pledged securities is HK$4,405,000 (2013: HK$8,386,000). The individually impaired short term loans receivable relate to customers that were in default or delinquency in repayments.

The Group has concentration of credit risk from five highest borrowers of HK$43,575,000 (2013: HK$45,521,000) in total at 31 December 2014. The balance includes an amount of HK$26,496,000 (2013: HK$13,570,000) which are neither past due nor impaired, of which HK$14,080,000 (2013: HK$13,570,000) is fully secured by a residential property as mentioned in above. In addition, it includes an amount of HK$6,737,000 (2013: nil) at 31 December 2014 which is past due at the reporting date which the Group has not provided for impairment as the balance is secured by listed securities amounting to HK$7,569,000. The Group believes that the amount are still considered recoverable given the collateral is sufficient to cover the entire balance. The remaining balance of HK$10,342,000, net of allowance for bad debt of HK$9,302,000 (2013: HK$31,951,000, net of allowance for bad debt of HK$25,964,000) are past due and impaired up to the fair value of the collateral.

26. LOANS RECEIVABLE (continued)

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

	2014	2013
	HK$'000	HK$'000
On demand or within one year	**19,794**	2,303
Over one year and less than five years	**—**	1,480
	19,794	3,783

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

	2014	2013
	HK$'000	HK$'000
On demand or within one year	**12,000**	13,581

Included in loan receivables are loan due from a director and disclosed pursuant to Hong Kong Companies Ordinance, the details of which are as follows:

	Balance at 1 January	**Balance at 31 December**	**Maximum amount outstanding during the year**	**Securities held**
	HK$'000	HK$'000	HK$'000	HK$'000
A director of the Company				
Mr Cheng Man Pan Ben				
2013	**974**	**—**	**974**	**—**
2014	**—**	**—**	**—**	**—**

The loan granted to the director bore 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

	2014	2013
	HK$'000	HK$'000
Cost of investment in an associate		
Unlisted shares	**67,833**	67,833
Share of post-acquisition profits and other comprehensive income	**148,305**	90,321
	216,138	158,154
Capital distribution from associate	**(214,704)**	—
	1,434	158,154
Loan to an associate (note)	**—**	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 was unsecured, non-interest bearing and had no fixed repayment terms. As at 31 December 2013, the loan to an associate was 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. The balance was fully settled during the year.

As at 31 December 2014 and 2013, 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 up to the disposal in 2014 and became inactive thereafter

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 consolidated 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

	2014 **HK$'000**	2013 HK$'000
Non-current assets	**—**	842,714
Current assets	**8,794**	10,848
Current liabilities	**(4,492)**	(75,410)
Non-current liabilities	**—**	(303,690)

	2014 **HK$'000**	2013 HK$'000
Revenue	**15,048**	55,261
Gain on disposal of a subsidiary	**220,962**	—
Profit (loss) for the year	**181,389**	(27)
Capital distribution from associate	**214,704**	—

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

	2014 **HK$'000**	2013 HK$'000
Net assets	**4,302**	474,462
Proportion of the Group's ownership interest	**33.33%**	33.33%
Carrying amount of the Group's interest	**1,434**	158,154

28. OTHER FINANCIAL ASSETS AND LIABILITIES

Bank balances — trust and segregated accounts

The Group receives and holds monies 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 32). 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 represented a loan of USD3,517,500 (equivalent to approximately HK$27,437,000) from a non-controlling shareholder. The amount was non-interest bearing, unsecured and repayable on demand. The balance was fully repaid in current year.

Amount due to a fellow subsidiary

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

29. ACCOUNTS RECEIVABLE

	2014 **HK$'000**	2013 HK$'000
Accounts receivable arising from the business of dealing in securities:		
Clearing houses, brokers and dealers	**84,844**	74,475
Cash clients	**57,949**	67,236
Margin clients	**283,423**	284,616
Accounts receivable arising from the business of dealing in futures and options:		
Clients	**139**	139
Clearing houses, brokers and dealers	**274,998**	180,041
Commission receivable from brokerage of mutual funds and insurance-linked investment products	**4,697**	1,777
Accounts receivable arising from the business of provision of corporate finance services	**390**	40
	706,440	608,324

29. ACCOUNTS RECEIVABLE (continued)

The credit quality of accounts receivable are summarised as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired:		
— Margin clients	**283,423**	284,616
— Other non-margin clients	**44,142**	37,906
— Clearing houses, brokers and dealers	**353,695**	239,148
Past due but not impaired	**25,180**	46,654
Impaired	**2,632**	5,476
	709,072	613,800
Less: Allowance for impairment	**(2,632)**	(5,476)
	706,440	608,324

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 40.

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:

	2014 HK$'000	2013 HK$'000
0–30 days	**3,873**	1,440
31–60 days	**134**	—
61–90 days	**51**	—
Over 90 days	**1,029**	377
	5,087	1,817

29. ACCOUNTS RECEIVABLE (continued)

For accounts receivable due from margin clients that are included in "Neither past due nor impaired" category as at 31 December 2014 and 2013, 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$2,632,000 (2013: HK$5,476,000) which are fully impaired and not secured by any clients' listed securities, are included in "Impaired" category as at 31 December 2014 and 2013.

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$25,180,000 (2013: HK$46,654,000) which are past due at the reporting date for which the Group has not provided for impairment 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:

	2014 **HK$'000**	2013 HK$'000
0–30 days	**12,903**	27,475
31–60 days	**4,911**	3,295
61–90 days	**51**	—
Over 90 days	**7,315**	15,884
	25,180	46,654

As at 31 December 2014, in connection with the business of dealing in futures and options account on behalf of its client of HK$6,147,000 (2013: HK$15,368,0000) with MFG HK, the directors of the Company have been in contact with the liquidators of MFG HK, 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 with subsequent partial settlement of HK$9,221,000 during the year ended 31 December 2014 (2013: HK$15,368,000). The Group expects to recover the remaining amount 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.

29. ACCOUNTS RECEIVABLE (continued)

Accounts receivable are netted off by allowance for bad and doubtful debts of HK$2,632,000 (2013: HK$5,476,000) which included individual allowance of HK$2,268,000 (2013: HK$5,117,000) and collective allowance of HK$364,000 (2013: HK$359,000) respectively.

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 judgement including the current creditworthiness, collaterals and the past collection history of each client.

Movements in the allowance for bad and doubtful debts are as follows:

	2014 **HK$'000**	2013 HK$'000
Balance at the beginning of the year	**5,476**	7,524
Charge for the year	**1,829**	2,801
Amounts write off during the year	**(213)**	—
Amounts write back during the year	**(4,460)**	(4,849)
Balance at the end of the year	**2,632**	5,476

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.

29. 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 and connected 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 Kwan Pak Hoo Bankee and associates (Note 2 and Note 8)				
2013	—	—	1,484	2,500
2014	—	—	259	1,850
Mr Law Ping Wah Bernard and associates (Note 1 and Note 2)				
2013	—	—	15,955	—
2014	—	—	10,109	—
Ms Cheng Pui Lai Majone and associates				
2013	—	—	16,284	211
2014	—	—	22,545	8,246
Mr Ng Kung Chit Raymond and associates (Note 6 and Note 7)				
2013	—	—	7,978	—
2014	—	—	6,110	—
Mr Cheng Man Pan Ben and associates (Note 4)				
2013	234	441	3,102	903
2014	441	—	2,865	1,163
Director of CASH				
Mr Ng Hin Sing Derek and associates (Note 5)				
2013	—	—	—	—
2014	—	—	10,109	—
Dr Chan Yau Ching Bob and associates (Note 6)				
2013	—	—	5,291	8,321
2014	—	—	7,864	9,641

29. ACCOUNTS RECEIVABLE (continued)

Name	Balance at 1 January HK$'000	Balance at 31 December HK$'000	Maximum amount outstanding during the year HK$'000	Market value of pledged securities at fair value at 31 December HK$'000
A shareholder with significant influence over CASH (Note 3)				
Cash Guardian				
2013	—	—	3,227	1,254
2014	—	—	840	11,555
Wholly owned subsidiary of CASH				
Libra Capital Management (HK) Limited				
2013	—	214	8,623	293
2014	214	—	218	—
Other connected clients				
Mr Kwan Pak Leung Horace and associates (Note 8)				
2013	—	—	3,782	—
2014	—	—	7,779	—
Ms Chan Siu Fei Susanna and associates (Note 8)				
2013	—	—	—	—
2014	—	—	7,582	9

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.

(5) During the year ended 31 December 2013, Mr Ng Hin Sing Derek was appointed as an executive director of CASH.

(6) 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.

(7) During the year ended 31 December 2014, Mr Ng Kung Chit Raymond was appointed as an executive director of the Company.

(8) During the year ended 31 December 2013, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna were associates of Mr Kwan Pak Hoo Bankee. In the annual general meeting held in 2014, they have individually granted margin financing arrangement from 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.

30. INVESTMENTS HELD FOR TRADING

	2014	2013
	HK$'000	HK$'000
Equity securities listed in Hong Kong	**41,583**	36,070
Equity securities listed outside Hong Kong	**2,962**	18,665
	44,545	54,735

Note:

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant exchanges.

31. BANK DEPOSITS SUBJECT TO CONDITIONS

	2014	2013
	HK$'000	HK$'000
Other bank deposits	**17,155**	17,155

The bank deposits subject to conditions carry floating 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.

Note: 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 (2013: 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.

32. ACCOUNTS PAYABLE

	2014 HK$'000	2013 HK$'000
Accounts payable arising from the business of dealing in securities:		
Clearing houses	**34,418**	1,430
Cash clients	**640,349**	592,920
Margin clients	**140,309**	147,660
Accounts payable to clients arising from the business of dealing in futures and options	**293,230**	290,378
	1,108,306	1,032,388

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 2014, including in account payable to a client of HK$63,532,000 (2013: HK$71,586,000) comprises an amount of HK$6,147,000 (2013: HK$15,368,000) maintained in MFG HK as mentioned in note 29. 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$792,117,000 (2013: HK$784,704,000) 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.

33. BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Bank overdrafts, secured	**10,158**	12,375
Bank loans, secured	**253,092**	243,825
	263,250	256,200

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

	2014 HK$'000	2013 HK$'000
Carrying amount repayable*:		
Within one year	**74,610**	69,085
In the second year	**6,750**	1,140
In the third to fifth years	**21,350**	3,671
After the fifth year	**63,416**	17,764
	166,126	91,660
Carrying amount of bank loans contain a repayment on demand clause:		
— within one year	**97,124**	164,540
— in the second year	**—**	—
— in the third to fifth years	**—**	—
	263,250	256,200
Less: Amount due within one year shown under current liabilities	**(171,734)**	(233,625)
Amount due after one year shown under non-current liabilities	**91,516**	22,575

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

33. BANK BORROWINGS (continued)

The Group's bank borrowings as at 31 December 2014 and 2013 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 fair value of HK$335,527,000 (2013: HK$363,142,000) (with client's consent);

(d) investment properties of the Group as disclosed in note 20 with carrying amount of approximately HK$213,666,000 (2013: HK$57,112,000);

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

(f) 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 (2013: HK$15,000,000) with a bank as a pre-condition for an overdraft facility granted by the bank (see note 31).

Bank overdrafts amounting to HK$10,158,000 (2013: HK$12,375,000) carried interest at Hong Kong Prime Rate. Bank borrowings amounting to HK$253,092,000 (2013: HK$243,825,000) were variable-rate borrowings which carry interest with reference to HIBOR or Hong Kong Prime Rate.

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

34. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	HK$'000
Prepayments	**1,364**	67
Deposits	**7,328**	5,554
Other receivables	**4,887**	41,468
	13,579	47,089

The above deposits and other receivables are non-interest bearing. 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 which was fully settled in 2014.

35. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.02 each at 1 January 2013, 31 December 2013 and 31 December 2014	15,000,000	300,000
Issued and fully paid:		
Ordinary shares of HK$0.02 each at 1 January 2013 and 31 December 2013	3,877,859	77,558
Exercise of share options (See note 42)	194,000	3,879
At 31 December 2014	4,071,859	81,437

All new shares rank pari passu with the existing shares in all respects.

36. ACCRUED LIABILITIES AND OTHER PAYABLES

	2014 HK$'000	2013 HK$'000
Accrued liabilities		
— Accrual for salaries and commission	**7,245**	10,039
— Other accrued liabilities	**36,218**	31,467
Other payables (note 1)	**9,626**	35,679
Loan payable (note 2)	**14,014**	38,100
	67,103	115,285

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) At 31 December 2013, the amount was advanced from an independent third party, which was unsecured, carried fixed rate interest at 12% per annum and was repayable within one year. The balance was subsequently settled in January 2014.

At 31 December 2014, the amount was advanced from an independent third party, which is unsecured, carries fixed rate interest at 15% per annum and is repayable within one year. The balance was subsequently settled in February 2015.

37. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	HK$'000
Financial liabilities at FVTPL		
Arising from short selling activities	**1,055**	19,701

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

38. 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 28).

38. 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 the carrying amounts of the respective assets included in the disposal group. If it was not possible to estimate the recoverable amount of the individual assets, the Group determined the recoverable amount of the CGU to which the assets belong. The recoverable amount of CGU of retailing business was based on fair value less cost of disposal. The management determined the fair value using market comparable approach that reflected 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 was categorised in level 3 in the fair value hierarchy.

The key unobservable inputs used for the calculation of fair value were 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	9.6–32.2 times
Discount for the lack of marketability	20%

Based on the assessment made by management, no impairment loss was 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 were no significant changes in facts and circumstances which might affect the fair value of the CGU of retailing business.

Management believed that any reasonably possible change 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.

39. 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 33 and loan from a non-controlling shareholder disclosed in note 28, and equity attributable to owners of the Company, comprising issued share capital disclosed in note 35, 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.

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Fair value through profit or loss		
— held-for-trading	**44,545**	54,735
Available-for-sale financial assets	**21,031**	21,031
Loans and receivables (including cash and cash equivalents)	**1,735,260**	1,654,883
Financial liabilities		
Financial liabilities at fair value through profit or loss	**1,055**	19,701
Amortised cost	**1,421,546**	1,437,425

Financial risk management objectives and policies

The Group's major financial instruments include equity and debt securities, 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

Equity price risk

The Group has a portfolio of held-for-trading investments in equity securities and financial liabilities at FVTPL which are carried at fair value and exposed the Group to price risk. In both years, the directors of the Company manage the exposure by closely monitoring the portfolio of equity securities and imposing trading limits on individual trades.

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 2013 and 2014 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 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 2014, if the market bid prices of the Group's listed equity investments (2013: listed equity investments) had been 15 percent (2013: 15 percent) higher/lower, the Group's profit before taxation would increase/decrease by HK$6,524,000 (2013: loss before taxation would decrease/increase by HK$5,255,000). This is attributable to the changes in fair values of the listed equity investments and financial liabilities at fair value through profit or loss.

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.

40. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

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. The Group currently does not have a fair value hedging policy.

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 (2013: 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 2014, if the interest rate of bank borrowings, loans receivable and loans to margin clients had been 50 (2013: 50) basis points higher/lower, the Group's profit before taxation would decrease/increase by HK$200,000 (2013: loss before taxation would increase/decrease by HK$161,000). 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, equity 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.

40. 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	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**66,283**	49,718	**125,462**	187,412
RMB	**2,264**	1,348	**41,911**	32,469

As at 31 December 2014, if RMB had strengthened/weakened by 5% (2013: 5%) against HK$ and all other variables were held constant, the Group's profit before taxation would increase/decrease by HK$1,982,000 (2013: loss before taxation would decrease/increase by HK$1,556,000). Under the pegged exchange rate system, the financial impact in exchange difference between HK$ 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 2014 and 2013, 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 29 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.

In respect of the accounts receivable from MFG HK as disclosed in note 29, 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.

40. 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 2014							
Accounts payable	N/A	1,108,306	—	—	—	1,108,306	1,108,306
Other payables	N/A	9,626	—	—	—	9,626	9,626
Loan payables	15%	14,290	—	—	—	14,290	14,014
Bank borrowings	Note	176,441	9,052	27,156	76,887	289,536	263,250
Amount due to a fellow subsidiary	N/A	26,350	—	—	—	26,350	26,350
Financial liabilities at FVTPL	N/A	1,055	—	—	—	1,055	1,055
		1,336,068	9,052	27,156	76,887	1,449,163	1,422,601

40. 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	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

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 2014 and 2013, the aggregate carrying amounts of these bank borrowings amounted to approximately HK$97,124,000 and HK$164,540,000 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 2014, the aggregate principal and interest cash outflow amounted to approximately HK$99,462,000 (2013: HK$169,048,000) within 1 year.

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.

40. 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

Investments held for trading	**Fair value as at 31 December 2014 HK$'000**	**Far value hierarchy**	**Valuation techniques**
Equity securities listed in Hong Kong	**41,583**	Level 1	Quoted prices in an active market
Equity securities listed outside Hong Kong	**2,962**	Level 1	Quoted prices in an active market

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

40. FINANCIAL INSTRUMENTS (continued)

Financial liabilities of FVTPL

Financial liabilities at FVTPL	**Fair value as at 31 December 2014 HK$'000**	**Far value hierarchy**	**Valuation techniques**
Obligation to deliver equity securities listed outside Hong Kong arising from short selling	**1,055**	Level 2	By reference to quoted 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 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.

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.

40. FINANCIAL INSTRUMENTS (continued)

Financial asset and financial liabilities offsetting

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

- offset in the Group's consolidated statements of financial position; or
- not offset in the consolidated statements of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a 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 2014

	Gross amounts of recognised financial assets liabilities after impairment	Gross amounts of recognised financial assets liabilities set off in the consolidated statement of financial position	Net amounts of financial assets liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Collateral received	Net amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Amount due from HKSCC, brokers and brokerage clients	4,408,646	(3,982,430)	426,216	(39,529)	(329,275)	57,412
Deposit placed with HKSCC	3,473	—	3,473	—	—	3,473
Financial liabilities						
Financial liabilities as FVTPL	1,055	—	1,055	(1,055)	—	—

40. FINANCIAL INSTRUMENTS (continued)

Financial asset and financial liabilities offsetting (continued)

As at 31 December 2013

	Gross amounts of recognised financial assets liabilities after impairment HK$'000	Gross amounts of recognised financial assets liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets 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	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
Deposit placed with HKSCC	7,730	—	7,730	—	—	7,730
Financial liabilities						
Financial liabilities at FVTPL	19,701	—	19,701	—	(10,245)	9,456

Note: The directors of the Company consider that the net amount of accounts payable to HKSCC, brokers and brokerage clients as at 31 December 2014 presented in the consolidated statement of financial position of HK$815,076,000 (2013: HK$742,010,000) do not expose the Group to significant risk. Accordingly, the relevant offsetting disclosures for accounts payable are not presented.

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

- Amounts due from HKSCC, brokers and brokerage clients — amortised cost
- Financial liabilities at FVTPL — fair value
- Deposit placed with 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. 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.

41. CAPITAL COMMITMENTS

	2014 HK$'000	2013 HK$'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

42. 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 (2013: 387,785,958) shares, representing around 9.5% of the issued share capital of the Company as at 31 December 2014. 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.

(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.

42. SHARE OPTION SCHEMES (continued)

(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:

		2014			2013	
	Notes	**Number of share options**	**Weighted average exercise price HK$**	Notes	Number of share options	Weighted average exercise price HK$
Outstanding at 1 January		**275,000,000**	**0.093**		585,150,000	0.155
Granted	(e), (f) & (g)	**345,000,000**	**0.095**		—	N/A
Lapsed	(a) & (e)	**(305,000,000)**	**0.093**	(a), (b), (c) & (d)	(310,150,000)	0.211
Exercised	(e) & (f)	**(194,000,000)**	**0.096**		—	—
Outstanding at 31 December		**121,000,000**	**0.095**		275,000,000	0.093
Exercisable at 31 December		**121,000,000**	**0.095**		—	N/A

No share option was exercised during the year ended 31 December 2013.

			2014		2013	
Grant date	Exercisable period	Notes	**Number of outstanding share options as at 31 December**	**Exercise price HK$**	Number of outstanding share options as at 31 December	Exercise price HK$
11.10.2012	11/10/2012 to 31/10/2014	(a)	**—**	**—**	275,000,000	0.093
11.04.2014	11/04/2014 to 31/12/2017	(e)	**75,000,000**	**0.097**	—	—
22.05.2014	22/05/2014 to 31/12/2017	(g)	**46,000,000**	**0.091**	—	—
			121,000,000		275,000,000	

42. SHARE OPTION SCHEMES (continued)

Notes:

(a) The options of 314,000,000 were granted to directors and employees of the CASH Group on 11 October 2012 for the provision of services to the CASH 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 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 is not probable to be achieved by the grantees and thus no share based compensation expense was recognised in the financial year ended 31 December 2013. As at 31 December 2014, 275,000,000 options were lapsed because the performance target was not met within the vesting period.

(b) The options of 82,500,000 were granted to the consultants of the CASH Group on 22 June 2009 for the provision of consultancy services to the CASH 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. 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 CASH Group on 1 February 2011 for the provision of consultancy services to the CASH 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 year ended 31 December 2013. The options were lapsed at the end of the contract period.

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

(e) The options of 261,000,000 were granted to the employees and directors of the CASH Group on 11 April 2014 for the provision of service to the CASH Group. The options will be vested upon achievement of performance target (based on non-market condition). During the financial year ended 31 December 2014, 30,000,000 options were lapsed as the grantee resigned from the members of CASH Group. During the financial year ended 31 December 2014, 156,000,000 shares were exercised and in addition, the directors of the Company considered that the performance target has been achieved by grantees and thus share-based compensation expense of HK$13,206,000 was recognized in the financial year ended 31 December 2014.

(f) The options of 38,000,000 were granted to the consultants of the CASH Group on 2 May 2014 for the provision of consultancy service to the CASH Group up to 31 December 2014. The options will be vested upon the provision of satisfactory services determined at the sole discretion of the Board. The options must be exercised within seven days from the date the Board approves the vesting of the options. The related services have been satisfactorily performed during the year ended 31 December 2014. Thus, 38,000,000 shares were exercised and share-based compensation expense of HK$72,200 was recognized in the financial year ended 31 December 2014.

(g) The options of 46,000,000 were granted to the employees of the CASH Group on 22 May 2014 for the provision of service to the CASH Group. The options will be vested upon achievement of performance target (based on non-market condition) for the respective financial years up to 31 December 2017. During the financial year ended 31 December 2014, the directors of the Company considered that the performance target has been achieved by grantees and thus share-based compensation expense of HK$2,056,200 was recognized in the financial year ended 31 December 2014.

The weighted average remaining contractual life of share options outstanding as at 31 December 2014 is 3 years (2013: 0.83 years).

42. SHARE OPTION SCHEMES (continued)

The fair values of share options granted during the years ended 31 December 2014 were determined using the Black-Scholes pricing model ("B-Model").

The following table lists the inputs to the B-Model used for calculating the fair value of the options granted during the year ended 31 December 2014:

Date of grant	**11 April 2014**	**2 May 2014**	**22 May 2014**
Share price on date of grant	HK$0.097	HK$0.090	HK$0.090
Exercise price	HK$0.097	HK$0.090	HK$0.091
Expected volatility (Note a)	69.38%	37.87%	69.00%
Expected life of option (Note b)	3 years	8 months	3 years
Risk-free rate (Note c)	1.00%	1.00%	0.88%
Expected dividend yield	Nil	Nil	Nil

Notes:

(a) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past 3 years, 8 months and 3 years immediately before the date of grant on 11 April 2014, 2 May 2014 and 22 May 2014 respectively.

(b) Expected life of option: being the effective life of options estimated from the expected exercising time frame.

(c) Risk-free rate: being the approximate yields to maturity of Hong Kong Exchange Fund Note.

During the year ended 31 December 2014, the estimated fair values of share options granted on 11 April 2014, 2 May 2014 and 22 May 2014 dates are approximately HK$13,206,000, HK$72,200 and HK$2,056,200 respectively.

In total, HK$15,334,400 (2013: HK$nil) of share-based compensation expenses has been recognised in profit or loss for the year ended 31 December 2014. The corresponding amount of HK$15,334,400 (2013: HK$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 2014, 305,000,000 (2013: 310,150,000) share options with aggregate fair value of HK$1,518,000 (2013: HK$7,814,000) 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.

43. 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 and connected parties:

	Notes	**2014** **HK$'000**	2013 HK$'000
Commission and interest income received from the following subsidiary of CASH:			
Libra Capital Manager (HK) Limited	(a)	**5**	46
Commission and interest income received from the following shareholder of CASH:			
Cash Guardian	(a) & (d)	**11**	43
Commission and interest income received from the following directors of the Company			
Mr Kwan Pak Hoo Bankee and associates		**14**	22
Mr Law Ping Wah Bernard and associates		**24**	30
Ms Cheng Pui Lai Majone and associates		**52**	35
Mr Chan Chi Ming Benson and associates	(g)	**15**	—
Mr Cheng Man Pan Ben and associates	(e)	**208**	49
		313	136
Commission and interest income received from the following directors of CASH:	(a)		
Mr Ng Hin Sing Derek and associates	(h)	**6**	—
Mr Ng Kung Chit Raymond and associates	(f) & (i)	**15**	17
Dr Chan Yau Ching Bob and associates	(f)	**39**	24
		60	41
Commission and interest income received from other connected clients			
Mr Kwan Pak Leung Horace and associates	(j)	**24**	13
Ms Chan Siu Fei Susanna and associates	(j)	**31**	3
		55	16
Loan interest income received from a director of the Company			
Mr Cheng Man Pan Ben	(b) & (e)	**—**	46
Rental expense paid to an associate		**2,615**	5,181
Rental and building management expense paid to CASH	(a)	**—**	2,079
Underwriting commission income received from CASH	(a) & (c)	**—**	902
Financial advisory income received from CASH	(a)	**—**	500

43. 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$nil (2013: HK$46,000).

(c) During the year ended 31 December 2014, the Group derived underwriting commission income of approximately HK$nil (2013: HK$902,000) 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.

(g) During the year ended 31 December 2014, Mr Chan Chi Ming Benson resigned as an executive director of the Company.

(h) During the year ended 31 December 2013, Mr Ng Hin Sing Derek was appointed as an executive director of CASH.

(i) During the year ended 31 December 2014, Mr Ng Kung Chit Raymond was appointed as an executive director of the Company

(j) During the year ended 31 December 2013, Mr Kwan Pak Leung Horace and Ms Chan Siu Fei Susanna were associates of Mr Kwan Pak Hoo Bankee. At the annual general meeting held in 2014, they have individually granted margin financing arrangement from the Company.

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.

44. OPERATING LEASE COMMITMENTS

At the end of the reporting period, 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:

	2014 **HK$'000**	2013 HK$'000
Within one year	**20,242**	16,763
In the second to fifth year inclusive	**22,789**	28,134
	43,031	44,897

Operating lease payments represent rentals payable by the Group for its office premises (2013: office premises). Lease are mainly negotiated for lease term of one to five years (2013: one to three years). In addition to the fixed rentals pursuant to the terms of certain rental agreements, the Group paid a rental of approximately HK$1,687,000 (2013: HK$1,226,000) based on certain percentage of the gross sales of the relevant shop when the sales meets certain specified level.

45. 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 2014 %	2013 %	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$6,781,401	**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$50,000,000	**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
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
Cheer Wise Investments Limited	Hong Kong	Ordinary HK$1	**100**	100	Properties holding
CASH Dynamic Opportunities Investment Limited (note 1)	British Virgin Islands	Ordinary HK$5,000,000	**50**	50	Investment trading
CASH Talent Investment Limited	Hong Kong	Ordinary HK$1	**100**	100	Investment holding
Celestial Financial Services Limited	British Virgin Islands	Ordinary US$10,000	**100**	100	Investment holding

45. 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.

Note:

(1) The Group has control over CASH Dynamic Opportunities Investment Limited ("DOI") because according to the agreement, the Group can appoint up to 3 directors out of a total of 4 directors to DOI's board of directors which directs the financial and operating policies, being the relevant activities that significantly affect the returns of DOI. Accordingly, DOI 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	Principal activity	Proportion of ownership interest and voting right held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
			2014	2013	**2014**	2013	**2014**	2013
					HK'000	HK'000	**HK'000**	HK'000
Marvel Champ Investments Limited	BVI	Investment Holding with its subsidiaries invested in property investment in Shanghai up to disposal in 2014 and become inactive thereafter	**35%**	35%	**21,652**	(3)	**502**	31,030
Individually immaterial subsidiary with non-controlling interest					**—**	—	**5,084**	5,084
					21,652	(3)	**5,586**	36,114

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

45. SUBSIDIARIES (continued)

Marvel Champ Investments Limited

	2014 HK$'000	2013 HK$'000
Current assets	**1,936**	10,296
Non-current assets	**—**	158,154
Current liabilities	**—**	(78,390)
Equity attributable to owners of Marvel Champ Investment Limited	**1,936**	90,060
Profit (loss) for the year (mainly representing share of result of associate	**60,463**	(9)
Other comprehensive (expenses) income for the year	**(2,479)**	5,224
Total comprehensive income for the year	**57,984**	5,215
Dividends paid to non-controlling interests	**51,313**	—
Net cash inflow from investing activities	**225,000**	—
Net cash outflow from financing activities	**225,000**	—

46. 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 2014, the cap of contribution amount has been changed from HK$1,250 to HK$1,500 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 12.

47. SUBSEQUENT EVENT

On 9 March 2015, CASH announced that CIGL entered into a sale and purchase agreement whereby CIGL conditionally agreed to sell 1,657,801,069 of the Company's shares, representing approximately 40.71% of the issued share capital of the Company as at 9 March 2015 to Oceanwide Holdings International Finance Ltd, an independent third party, at a consideration of HK$613,386,395.53 (representing a purchase price of HK$0.37 per the Company's share).

Furthermore, the Company and CIGL entered into the agreement whereby the Company conditionally agreed to dispose of its the entire issued share capital of Confident Profits Limited, a wholly-owned subsidiary of the Company primarily involved in proprietary trading activities, and CIGL conditionally agreed to acquire the entire issued share capital of Confident Profits Limited at a consideration equal to the aggregate pro forma consolidated net asset value of Confident Profits Limited and its subsidiaries as at 31 December 2014.

Details of the possible transaction are set out in the Company's announcement dated 9 March 2015.

Appendix I — Investment Properties

Held as at 31 December 2014

Location	Approximate gross floor area (sq. ft.)	Land use
Room 1606 (also known as 19G), Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	891	The property is vacant
Room 1607 (also known as 19A), Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	1,593	The property is vacant
Room 1806 (also known as 21G), Residence 8, No. 8 Jinan Road, Luwan District, Shanghai, the PRC	891	The property is rented out
Room 2002 on Level 17, Maison Des Artistes, No. 18 Lane 688, Huangjin Cheng Road, Changning District, Shanghai, the PRC	2,471	The property is vacant
21st Floor and car parking space Nos. P15, P16, P17 & P18 on 1st Floor, Rykadan Capital Tower, No. 135–137 Hoi Bun Road, Kwun Tong, Kowloon, HK	12,007	The property is vacant

Appendix II — Summarised Statement of Financial Position of the Company

SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014	2013
	HK$'000	HK$'000
Assets		
Unlisted investments in subsidiaries	**476,156**	476,256
Amounts due from subsidiaries (note 1)	**377,467**	341,474
Bank balances (general accounts)	**208**	192
	853,831	817,922
Liabilities		
Accrued liabilities and other payables	**454**	455
Amounts due to subsidiaries (note 1)	**439,032**	324,945
Amount due to a fellow subsidiary	**26,350**	—
	465,836	325,400
Net assets	**387,995**	492,522
Capital and reserves		
Share capital	**81,437**	77,558
Reserves (note 2)	**306,558**	414,964
Total equity	**387,995**	492,522

Notes:

(1) Balances were unsecured, interest free and repayable in two years except for the amount due from subsidiaries of HK$64,762,000 (2013: HK$66,100,000) bearing interest ranging from 3% to 5%.

SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes: (continued)

(2) Reserves

	Other reserve HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Retained earnings (Accumulated losses) HK$'000	Total HK$'000
At 1 January 2013	—	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	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
Loss and total comprehensive expense for the year	—	—	—	—	(138,414)	(138,414)
Recognition of equity-settled share based payments	—	—	—	15,335	—	15,335
Effect of share option lapsed	—	—	—	(1,518)	1,518	—
Issue of ordinary shares upon exercise of share options	—	22,639	—	(7,966)	—	14,673
At 31 December 2014	—	382,579	80	5,851	(81,952)	306,558

Note: Other reserves represent 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 Company's investment cost. Pursuant to the approval of Board of Directors, the other reserves was transferred to retained earnings in 2014.

Appendix III — Five-Year Financial Summary

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**198,063**	194,565	185,449	1,334,440	1,294,203
Profit (loss) before taxation	**70,960**	(66,854)	(35,984)	(24,270)	73,120
Taxation charge	**(16,633)**	4,439	(2,126)	(7,694)	(8,185)
Profit (loss) for the year from continuing operations	**54,327**	(62,415)	(38,110)	(31,964)	64,935
Discontinued operations					
Profit (loss) from discontinued operations	**—**	3,270	4,586	—	—
	54,327	(59,145)	(33,524)	(31,964)	64,935
Attributable to:					
Owners of the Company	**32,675**	(59,142)	(38,699)	(41,090)	63,390
Non-controlling interests	**21,652**	(3)	5,175	9,126	1,545
	54,327	(59,145)	(33,524)	(31,964)	64,935

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property and equipment	**38,136**	33,860	81,315	114,306	188,909
Goodwill	**—**	2,661	2,661	2,661	2,661
Intangible assets	**9,752**	9,752	321,059	321,059	321,059
Other non-current assets	**243,011**	277,096	309,878	281,283	268,685
Current assets	**1,795,830**	1,746,425	2,367,504	2,170,392	1,957,617
Total assets	**2,086,729**	2,069,794	3,082,417	2,889,701	2,738,931
Current liabilities	**1,391,026**	1,483,452	2,078,832	1,839,965	1,695,730
Non-current liabilities	**99,376**	24,144	82,172	88,642	98,458
Total liabilities	**1,490,402**	1,507,596	2,161,004	1,928,607	1,794,188
Net assets	**596,327**	562,198	921,413	961,094	944,743
Non-controlling interests	**5,586**	36,114	34,288	33,363	20,313

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
"Algo Finance Group"	CASH Algo Finance Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company, together with its subsidiaries
"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 Trinity Bullion"	CASH Trinity Bullion Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
"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

Definitions

“CG Report”	the corporate governance report of the Company covering the year ended 31 December 2014 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
“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
“Director(s)”	the directors of the Company
“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
“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

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