CASH Financial Services Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 510)

ANNOUNCEMENT
OF
FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Highlights

- Net profit attributable to shareholders reached a record high of HK$207.8 million, an increase of five-fold from the previous year.
- Net Asset Value almost doubled to HK$899.4 million.
- Market share increased as a result of our successful business strategy.
- A versatile platform is in place to position the Group favourably for its future growth, particularly Mainland China.
- Leverage on its strong foothold in Hong Kong, the Group plans to set up eight offices within the next twelve months to strengthen its network in the Mainland.
- Continue to diversify the revenue mix through strengthening existing businesses, enriching product types, and sourcing new income streams.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of CASH Financial Services Group Limited ("Company" or CFSG") and its subsidiaries ("Group") for the year ended 31 December 2007 together with the comparative figures for the last corresponding year are as follows:

	Notes	**2007** **HK$'000**	2006 HK$'000
Continuing operations			
Revenue	(2)	**666,378**	345,977
Other operating income		**1,859**	2,178
Salaries, commission and related benefits		**(247,980)**	(151,449)
Depreciation		**(7,403)**	(7,056)
Finance costs		**(91,844)**	(49,024)
Other operating and administrative expenses		**(133,363)**	(77,657)
Net increase in fair value of investments held for trading		**20,334**	10,261
Convertible loan note settlement income		**-**	291
Share of loss of associate		**(3,370)**	-
Profit before taxation		**204,611**	73,521
Taxation charge	(4)	**(28,825)**	(5,796)
Profit for the year from continuing operations		**175,786**	67,725
Discontinued operations	(5)		
Profit (loss) for the year from discontinued operations		**30,904**	(27,527)
Profit for the year		**206,690**	40,198

	Notes	**2007** **HK$'000**	2006 HK$'000
Attributable to:			
Equity holders of the Company		**207,779**	39,944
Minority interests			
- Continuing operations		**(617)**	39
- Discontinued operations		**(472)**	215
		206,690	40,198
Dividend:			
Proposed final dividend -			
31 December 2007: HK$0.03 per ordinary share based on 2,076,972,027 shares; 31 December 2006: HK$0.02 per ordinary share based on 1,382,051,448 shares		**62,309**	27,641
Dividends recognised as distribution during the year -			
31 December 2007: payment of 2006 final dividend of HK$0.02 per ordinary share and payment of 2007 interim dividend of HK$0.02 per ordinary share; 31 December 2006: payment of 2006 interim dividend of HK$0.03 per ordinary share		**57,333**	41,462
Earnings (loss) per share	(6)		
From continuing and discontinued operations:			
- Basic		**12.3 HK cents**	2.5 HK cents
- Diluted		**12.1 HK cents**	2.5 HK cents
From continuing operations:			
- Basic		**10.4 HK cents**	4.3 HK cents
- Diluted		**10.3 HK cents**	4.2 HK cents
From discontinued operations:			
- Basic		**1.9 HK cents**	(1.7) HK cents
- Diluted		**1.8 HK cents**	(1.7) HK cents

CONSOLIDATED BALANCE SHEET

	Notes	At 31 December 2007 HK$'000	2006 HK$'000
Non-current assets			
Property and equipment		**24,787**	45,720
Investment property		**5,000**	5,000
Goodwill		**4,933**	114,878
Intangible assets		**12,392**	32,042
Other assets		**9,136**	16,241
Loan receivables		**176**	103
Interests in associates		**65,778**	-
Loan to an associate		**10,296**	-
Amounts receivable on disposal of subsidiaries		**162,703**	-
Deferred tax assets		**-**	2,346
		295,201	216,330
Current assets			
Inventories		**-**	674
Accounts receivable	(7)	**931,595**	781,721
Loan receivables		**28,867**	19,227
Prepayments, deposits and other receivables		**28,218**	23,764
Amount due from an associate		**260**	373
Amounts due from fellow subsidiaries		**447**	3,463
Investments held for trading		**59,271**	54,317
Deposit with brokers		**69,188**	-
Bank deposits under conditions		**28,675**	27,813
Bank balances - trust and segregated accounts		**928,527**	574,577
Bank balances (general accounts) and cash		**256,668**	73,226
		2,331,716	1,559,155
Current liabilities			
Accounts payable	(8)	**1,379,521**	931,865
Accrued liabilities and other payables		**68,534**	64,860
Deferred revenue		**-**	8,027
Taxation payable		**20,993**	4,428
Obligations under finance leases			
- amount due within one year		**-**	215
Bank borrowings - amount due within one year		**231,066**	278,521
Loan from a minority shareholder		**27,437**	-
		1,727,551	1,287,916
Net current assets		**604,165**	271,239
		899,366	487,569

	At 31 December	
	2007	2006
	HK$'000	HK$'000
Capital and reserves		
Share capital	**207,697**	138,205
Reserves	**690,668**	341,626
Equity attributable to equity holders of the Company	**898,365**	479,831
Minority interests	**1,001**	3,761
Total equity	**899,366**	483,592
Non-current liabilities		
Deferred tax liabilities	-	2,615
Obligations under finance leases		
- amount due after one year	-	115
Bank borrowings - amount due after one year	-	1,247
	-	3,977
	899,366	487,569

Notes:

(1) Application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The application of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior years under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards and interpretations will have no material impact on the financial position and financial results of the Group.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 11	HKFRS 2 - Group and treasury share transactions [2]
HK(IFRIC) – INT 12	Service concession arrangements [3]
HK(IFRIC) – INT 13	Customer loyalty programmes [4]
HK(IFRIC) – INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction [3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 March 2007.
3 Effective for annual periods beginning on or after 1 January 2008.
4 Effective for annual periods beginning on or after 1 July 2008.

(2) Revenue

	2007 **HK$'000**	2006 HK$'000
Continuing operations:		
Fees and commission income	**511,881**	263,032
Interest income	**154,497**	82,945
	666,378	345,977
Discontinued operations:		
Online game income	**23,309**	25,316
Sales of online game auxiliary products	**9,738**	9,459
Licensing income	**2,064**	2,476
	35,111	37,251

(3) Business and geographical segments

Business segments

For management purposes, the Group is organised into four main operating divisions, namely, broking, financing, corporate finance and online game services. The online game services division arose from acquisition of online game business on 10 January 2006 and was disposed of and discontinued on 1 June 2007. The following four divisions are the basis on which the Group reports its primary segment information.

Principal activities for the year are as follows:

Broking	-	Broking of securities, options, futures and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products and their trading
Financing	-	Provision of margin financing and money lending services
Corporate finance	-	Provision of corporate finance services
Online game services	-	Provision of online game services, sales of online game auxiliary products and licensing services

The Group's operation by business segment is as follows:

Consolidated income statement for the year ended 31 December 2007

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**502,039**	**154,497**	**9,842**	**666,378**	**35,111**	**701,489**
RESULT						
Segment profit (loss)	**184,973**	**36,227**	**(1,861)**	**219,339**	**(7,528)**	**211,811**
Other operating income				**1,859**	**336**	**2,195**
Gain on disposal of subsidiaries				**-**	**41,701**	**41,701**
Share of loss of an associate				**(3,370)**	**-**	**(3,370)**
Unallocated corporate expenses				**(13,217)**	**(3,605)**	**(16,822)**
Profit before taxation				**204,611**	**30,904**	**235,515**
Taxation charge				**(28,825)**	**-**	**(28,825)**
Profit for the year				**175,786**	**30,904**	**206,690**

Consolidated balance sheet as at 31 December 2007

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS						
Segment assets	**1,495,624**	**780,602**	**12,197**	**2,288,423**	**-**	**2,288,423**
Unallocated corporate assets						**338,494**
Consolidated total assets						**2,626,917**
LIABILITIES						
Segment liabilities	**1,149,785**	**360,426**	**409**	**1,510,620**	**-**	**1,510,620**
Unallocated corporate liabilities						**216,931**
Consolidated total liabilities						**1,727,551**

Other information for the year ended 31 December 2007

	Continuing operations					Discontinued operations	
	Broking	**Financing**	**Corporate finance**	**Unallocated**	**Total**	**Online game services**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Additions to property and equipment	**39**	**-**	**-**	**5,006**	**5,045**	**5,683**	**10,728**
Allowance for bad and doubtful debts	**1,041**	**298**	**-**	**-**	**1,339**	**-**	**1,339**
Depreciation of property and equipment	**59**	**-**	**-**	**7,344**	**7,403**	**2,406**	**9,809**
Amortisation of intangible assets	**-**	**-**	**-**	**-**	**-**	**1,731**	**1,731**

Consolidated income statement for the year ended 31 December 2006

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	247,547	85,054	13,376	345,977	37,251	383,228
RESULT						
Segment profit (loss)	64,917	15,277	2,219	82,413	(18,884)	63,529
Other operating income				2,178	219	2,397
Unallocated corporate expenses				(11,070)	(8,719)	(19,789)
Profit (loss) before taxation				73,521	(27,384)	46,137
Taxation charge				(5,796)	(143)	(5,939)
Profit (loss) for the year				67,725	(27,527)	40,198

Consolidated balance sheet as at 31 December 2006

	Continuing operations				Discontinued operations	
	Broking	Financing	Corporate finance	Total	Online game services	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS						
Segment assets	984,705	540,658	12,542	1,537,905	182,249	1,720,154
Unallocated corporate assets						55,331
Consolidated total assets						1,775,485
LIABILITIES						
Segment liabilities	846,541	383,479	358	1,230,378	38,932	1,269,310
Unallocated corporate liabilities						22,583
Consolidated total liabilities						1,291,893

Other information for the year ended 31 December 2006

	Continuing operations					Discontinued operations	
	Broking	Financing	Corporate finance	Unallocated	Total	Online game services	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Additions to property and equipment	-	-	-	9,416	9,416	10,890	20,306
Allowance for bad and doubtful debts	-	-	100	-	100	-	100
Depreciation of property and equipment	125	-	1	6,930	7,056	1,117	8,173
Loss on disposal of property and equipment	-	-	-	-	-	98	98
Amortisation of intangible assets	-	-	-	-	-	4,131	4,131

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China ('PRC') and Taiwan. For the activities of broking, financing and corporate finance, they are based in Hong Kong and the revenue of these activities for the year ended 31 December 2007 are derived from Hong Kong. The online game services are mainly based in the PRC and Taiwan and the relevant revenue for the year ended 31 December 2007 are derived mainly from the PRC and Taiwan.

The following table provides an analysis of the Group's revenue by geographical market:

	2007	2006
	HK$'000	HK$'000
Continuing operations:		
Hong Kong	**666,378**	345,977
Discontinued operations:		
PRC	**27,781**	25,525
Taiwan	**7,330**	11,726
	35,111	37,251
	701,489	383,228

The following is an analysis of the carrying amount of segment assets, and additions to property and equipment, analysed by the geographical area in which the assets are located:

Carrying amount of segment assets

	2007	2006
	HK$'000	HK$'000
Continuing operations:		
Hong Kong	**2,288,423**	1,537,905
Discontinued operations:		
PRC	**-**	143,023
Taiwan	**-**	39,226
	-	182,249
	2,288,423	1,720,154

Additions to property and equipment

	2007	2006
	HK$'000	HK$'000
Continuing operations:		
Hong Kong	**5,045**	9,416
Discontinued operations:		
PRC	**1,824**	10,290
Taiwan	**3,859**	600
	5,683	10,890
	10,728	20,306

(4) Taxation charge

	2007	2006
	HK$'000	HK$'000
Continuing operations:		
Current tax:		
- Hong Kong	**(27,635)**	(4,140)
Overprovision in prior years	**385**	94
Deferred taxation	**(1,575)**	(1,750)
	(28,825)	(5,796)
Discontinued operations:		
Current tax:		
- PRC	**-**	(143)
	(28,825)	(5,939)

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years.

Certain subsidiaries of the Company are operating in the PRC. They are subject to tax with rate of 15% because they were registered in 張江高科技園區 (translated as Shanghai Zhang Jiang High Technological Zone). For the year ended 31 December 2007, no provision for the PRC income tax has been made as they have incurred tax losses for both years.

No provision for taxation has been made for subsidiary located in Taiwan as no assessable profit is arisen for both years.

(5) Discontinued operations

On 9 January 2007, the Group entered into a sale and purchase agreement with Celestial Asia Securities Holdings Limited ("CASH") to dispose of Netfield Technology Limited and its subsidiaries ("Netfield Group"), which carried out the Group's online game services operations. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was approved by the independent shareholders of the Company at a special general meeting held on 23 April 2007 and was completed on 1 June 2007, on which date control of Netfield Group has been passed to CASH.

The profit (loss) for the year from the discontinued operations is analysed as follows:

	2007	2006
	HK$'000	HK$'000
Gain on disposal of Netfield Group	**41,701**	-
Loss for the year on online game services operations	**(10,797)**	(27,527)
	30,904	(27,527)

The results of Netfield Group for the period from 1 January 2007 to 31 May 2007 and for the period from 10 January 2006 (date of acquisition) to 31 December 2006, which have been included in the consolidated income statement, were as follows:

	For the five months ended 31 May 2007 HK$'000	For the period from 10 January 2006 to 31 December 2006 HK$'000
Revenue	**35,111**	37,251
Other operating income	**336**	219
Salaries, commission and related benefits	**(10,665)**	(12,016)
Depreciation and amortisation	**(4,137)**	(5,248)
Other operating and administrative expenses	**(31,358)**	(47,489)
Finance costs	**(84)**	(3)
Loss on disposal of property and equipment	**-**	(98)
Loss before taxation	**(10,797)**	(27,384)
Taxation	**-**	(143)
Loss for the period	**(10,797)**	(27,527)
Attributable to:		
The Group	**(10,325)**	(27,742)
Minority interests	**(472)**	215
	(10,797)	(27,527)

(6) Earnings (loss) per share

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:

	2007 HK$'000	2006 HK$'000
From continuing and discontinued operations		
Profit		
Profit for the purpose of basic earnings per share	**207,779**	39,944
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note	**-**	274
Profit for the purpose of diluted earnings per share	**207,779**	40,218

	2007	2006
	HK$'000	HK$'000
From continuing operations		
Profit		
Profit for the purpose of basic earnings per share	**176,403**	67,686
Effect of dilutive potential ordinary shares:		
Interest on convertible loan note	**-**	274
Profit for the purpose of diluted earnings per share	**176,403**	67,960
From discontinued operations		
Profit (loss) for the purpose of basic and diluted earnings (loss) per share	**31,376**	(27,742)

	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,695,238,970**	1,589,792,062
Effect of dilutive potential ordinary shares assumed conversion of convertible loan note	**-**	25,229,374
Effect of dilutive potential ordinary shares assumed exercise of share options	**20,306,550**	4,760,596
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,715,545,520**	1,619,782,032

The weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share has been adjusted for the rights issue on 21 November 2007.

(7) Accounts receivable

	2007 **HK$'000**	2006 HK$'000
Accounts receivable arising from the business of dealing in securities and equity options:		
Clearing houses, brokers and dealers	**216,343**	125,450
Cash clients	**166,310**	112,334
Margin clients	**449,162**	443,524
Accounts receivable arising from the business of dealing in futures and options:		
Clearing houses, brokers and dealers	**93,032**	83,847
Clients	**68**	-
Commission receivable from brokerage of mutual funds and insurance-linked investment plans and products	**5,238**	3,479
Accounts receivable arising from the business of provision of corporate finance services	**1,442**	372
Accounts receivable arising from the business of provision of online game services	**-**	12,715
	931,595	781,721

The settlement terms of accounts receivable arising from the business of dealing in securities and equity options are two days after trade date, and accounts receivable arising from the business of dealing in futures and options are one day after trade date.

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

	2007 **HK$'000**	2006 HK$'000
0 - 30 days	**4,173**	10,849
31 - 60 days	**619**	2,387
61 - 90 days	**697**	1,690
Over 90 days	**1,191**	1,640
	6,680	16,566

Loans to margin clients are secured by clients' pledged securities at fair values of HK$1,827,557,000 (2006: HK$731,854,000). The loans are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

(8) Accounts payable

	2007 HK$'000	2006 HK$'000
Accounts payable arising from the business of dealing in securities and equity options:		
Cash clients	**963,379**	679,498
Margin clients	**255,425**	106,132
Clearing houses, brokers and dealers	**-**	-
Accounts payable to clients arising from the business of dealing in futures and options	**151,097**	142,500
Accounts payable to clients arising from the business of dealing in leveraged foreign exchange contracts	**9,620**	2,798
Accounts payable arising from the online game services	**-**	937
	1,379,521	931,865

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date. Except for the amounts payable to margin clients, the age of these balances is within 30 days.

Amounts due to margin clients are repayable on demand. No aged analysis is disclosed as in the opinion of directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

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

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

(9) Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowings and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

The Group covenant to maintain deposits of not less than HK$15,000,000 with a bank as a condition precedent to an overdraft facility granted by the bank.

Categories of financial instruments

	2007 **HK$'000**	2006 HK$'000
Financial assets		
Fair value through profit or loss	**59,271**	54,317
Loans and receivables (including cash and cash equivalents)	**2,426,222**	1,492,052
Financial liabilities		
Amortised cost	**1,644,066**	1,229,561

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, statutory and other deposits, bank balances, bank borrowings, accounts receivable and accounts payable. 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 is exposed to equity price risk through its investments in equity securities. The directors of the Company manage the exposure by closely monitoring the portfolio of equity investments.

Equity price sensitivity

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date. A 10 percent change is used when reporting equity price risk internally to key management personnel and represents management's assessment of the possible change in equity price.

For the year ended 31 December 2007, if the market bid prices of the listed investments had been 10 per cent higher/lower, the Group's profit would increase/decrease by HK$5,927,000 (2006: HK$5,432,000). This is mainly attributable to the changes in fair values of the listed investments held for trading.

Cash flow interest rate risk

The Group is 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 closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arises. A 100 basis point change is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

The Group's exposures to interest rates on financial assets and 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 Prime Rate and HIBOR arising from the Group's variable interest rate instruments.

For the year ended 31 December 2007, if the interest rate of the bank borrowings, loan receivables, loans to margin clients and bank balances had been 100 basis point higher/lower, the Group's profit would decrease/increase by HK$5,994,000 (2006: HK$3,257,000). This is mainly attributable to the bank interest expenses under finance costs or interest income under revenue.

Foreign currency risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to receivables from foreign brokers and foreign currency deposits with banks. The management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arises.

More than 99% of financial assets and financial liabilities of the Group are denominated in US$ or HK$. As US$ is pegged to HK$, the Group does not expect any significant movements in the US$/HK$ exchange rates. No foreign currency sensitivity is disclosed as in the opinion of directors, the foreign currency sensitivity does not give additional value in view of insignificant movement in the US$/HK$ exchange rates and insignificant exposure of other foreign currencies as at the balance sheet date.

Credit risk

The maximum exposure of the Group to credit risk in the event of the counterparties' failure to perform their obligations as at the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

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. With regard to provision of online game services, the Group has delegated a team responsible for determination of credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on amounts receivable on disposal of subsidiaries which are payable by Celestial Investment Group Limited ("CIGL"), the Group does not have any other significant concentration of credit risk as the exposure spread over a number of counterparties and customers. CIGL, a wholly-owned subsidiary of CASH, is financially supported by CASH. Accordingly, the directors of the Company consider the credit risk is minimal in the view of financial background of CASH.

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

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 clients. 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.

Fair values

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

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

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices from observable current market transactions; and

- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, the fair values of a non-option derivatives are estimated using discounted cash flow analysis and the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black-Scholes pricing model).

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

(10) Capital commitment

	2007	2006
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property and equipment	**11,560**	-

DIVIDEND

The Board recommends the payment of 2007 final dividend of HK$0.03 per share (2006: HK$0.02 per share) which, together with the interim dividend of HK$0.02 per share paid on 3 September 2007, make a total dividend of HK$0.05 per share for the full year of 2007 (2006: HK$0.05 per share). Subject to the approval of the 2007 final dividend by the shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 9 May 2008 to the shareholders whose names appear on the register of members on 28 April 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 28 April 2008 (Monday) to 30 April 2008 (Wednesday) (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on 25 April 2008 (Friday).

REVIEW AND OUTLOOK

Financial Review

During the year under review, the Group ceased to consolidate the revenue and operating results of the Netfield Group subsequent to the completion of the disposal of the Netfield Group on 1 June 2007. The transaction is further elaborated below under the paragraph of "Material Acquisitions and Disposals".

For the year ended 31 December 2007, the Group achieved a net profit attributable to shareholders of HK$207.8 million as compared to HK$39.9 million as recorded in the previous year. Such a significant increase was mainly attributable to an improved performance of the Group's broking business. This was also contributed by the incorporation of the gain on disposal of the Netfield Group of HK$41.7 million.

The Group recorded revenue from the continuing operations of HK$666.4 million for the year ended 31 December 2007 as compared to HK$346.0 million for the previous year. The increase was attributable to the significant growth in the Group's brokerage business and interest income from its financing activities for the year, which in turn, was mainly due to the buoyant stock markets in Hong Kong and the PRC throughout 2007.

Liquidity and Financial Resources

The Group's total equity amounted to HK$899.4 million on 31 December 2007 as compared to HK$483.6 million at the end of the previous year. The improvement, apart from the growth of retained earnings, was mainly attributed to the completion of 5-for-2 rights issue in November 2007 raising approximately HK$237.4 million (before expenses) to strengthen capital bases during the year.

On 31 December 2007, our cash and bank balances including trust and segregated accounts totalled HK$1,213.9 million as compared to HK$675.6 million at the end of the previous year. The increase in cash and bank balances was the combined results of the cash generated from the net profit and the net proceeds raised by the aforesaid rights issue during the year as well as an increase in clients' deposits at the year end date. Our clients would like to place more readily liquid fund with us for catching instant investment opportunities under active market conditions. The liquidity ratio on 31 December 2007 remained healthy at 1.3 times, as compared to 1.2 times on 31 December 2006.

A cash deposit of approximately HK$10.6 million was pledged as collateral for a loan facility of HK$10.0 million but the facility had not been drawn down at 31 December 2007. A further deposit of HK$1.0 million was pledged to secure a general banking facility granted to a subsidiary of the Company. In addition, pursuant to a letter of undertaking provided by the Group to a bank, the Group covenanted 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 the bank. Therefore a bank deposit of approximately HK$17.1 million was held for this purpose.

As at 31 December 2007, the Group had total bank borrowings of approximately HK$231.1 million, comprising bank loans of HK$229.0 million and overdrafts of HK$2.1 million.

The bank borrowings of HK$126.1 million, which were drawn to fund securities margin financing to its clients, were collateralised by its margin clients' securities pledged to the Group for seeking financing. During the year, the Group had obtained a 3-year term syndicated bank loan with total facilities of HK$175.0 million and the total bank borrowings of HK$231.1 million had included a partial draw-down of the syndicated bank loan amounting to HK$105 million at the year-end date. The facilities provide a stable resource for financing our margin financing business expansion and other business developments.

The ratio for our interest bearing borrowings to total equity was 25.7% on 31 December 2007 as compared to 57.9% on 31 December 2006, which was kept at a conservatively low level. On the other hand, we have no material contingent liabilities at the year-end.

Foreign Exchange Risks

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

Material Acquisitions and Disposals

In January 2007, the Company announced a connected and discloseable transaction for the proposed disposal of the entire issued share capital of the Netfield Group to Celestial Investment Group Limited, the controlling shareholder of the Company, at a consideration of the higher of HK$120 million or the valuation of the online game business operated by the Netfield Group as at 31 December 2006. The final consideration was fixed at HK$120 million. The transaction was approved by the independent shareholders of the Company at a special general meeting held on 23 April 2007 and was completed on 1 June 2007. Details of the disposal were set out in the Company's announcement dated 9 January 2007 and the circular dated 4 April 2007.

As disclosed in the Company's announcement dated 27 June 2007 and the circular dated 18 July 2007, the Company announced a discloseable transaction in relation to the formation of an associate on 27 June 2007, through Marvel Champ Investments Limited (a 65%-owned subsidiary of the Company), with two independent third parties. The associate, in turn, invested in a property developed in Shanghai, the PRC which comprises a 11-storey office tower, a single-storey retail podium and a single-storey car parking basement, and part of property is used as the Company's offices.

According to the preliminary plan, the maximum capital contribution of the Group was up to RMB150 million (approximately HK$153.2 million). During the year, the associate had also sought certain banking facilities as the partial payment for the purchase price of the property. The Group would provide its share of corporate guarantee for the banking facilities, if required. Accordingly, the outstanding capital contribution of the Group was reduced to HK$84.4 million. Up to 31 December 2007, total amounts of HK$78.1 million had been paid to the associate by the Group as its share of capital contribution and shareholders' loans. The Group's remaining capital contribution on this project was HK$6.3 million.

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

Capital Commitments

As at 31 December 2007, the Group has capital commitments of HK$11.6 million in relation to decoration works and acquisitions of equipment. Save as aforesaid, the Group did not have any material capital commitment at the end of the year.

Material Investments

As at 31 December 2007, the Group was holding a portfolio of listed investments with a market value of approximately HK$59.3 million and a gain on such investments of HK$20.3 million was recorded for the year.

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

Industry Review

The Hong Kong stock market continued to be buoyant throughout 2007. The domestic economic backdrop remained robust with a decade-low unemployment rate and a strong property market. The market experienced an explosive growth in the second half of the year after the US began to cut interest rates to reflate its economy. The bellwether indices as well as market turnover soared to record highs, fuelled by optimism over the 2008 Beijing Olympics, Renminbi-denominated asset appreciation, and possible implementation of thru-train investment scheme to the Hong Kong stock market by the Mainland individuals. The Hang Seng Index reached an historic high of 31,958 on 30 October and subsequently concluded the year with a 39% increase. In addition, the daily market turnover and the single day ups-and-downs also made new records during the fourth quarter. On the back of these market records, continued influx of liquidity, and strong investors' sentiment, average daily market turnover reached HK$88 billion, an 159% increase compared to the same period last year.

In terms of market capitalisation, the Hang Seng Index reached a record level of HK$23,200 billion on 30 October and ended the year with an increase of 56% to HK$21 trillion. Total capital raised on new issues amounted to HK$285 billion. The Hong Kong new issue market remained strong and ranked seventh in 2007.

In the Mainland, the Shanghai and Shenzhen indices continued to steam ahead and recorded new highs. The rise came to a halt and the market turned sideways after the 17th Congress of the Chinese Communist Party on concerns that the Central Government would intervene by introducing administrative policies to cool down the overheated market.

Business Review

The Group achieved superior results for the year of 2007. Revenue hit a record high of HK$666.4 million, an increase of 92.6% compared to HK$346.0 million for the last year. Net profit attributable to shareholders for the year ended 31 December 2007 rose by 420.2% to HK$207.8 million.

China Development

Our key strategy in 2007 was our positioning in China. Business potential in the Mainland seems unprecedented in recent history as deregulation in the financial sector continued to accelerate. The market is poised to take off thanks to the high savings rate, strong pent-up demand for investment vehicles, and rapid product innovation. To capture these market opportunities and capitalise on these exciting changes, we acquired an office building in Shanghai in preparation to set up our Mainland headquarters there, where we have had a representative office for many years, to further strengthen our capacity and sales network.

The headquarters in Shanghai is strategically placed to lead our future growth in China. Our Hong Kong head office will gear up its execution and control capability to underpin the development in China and remain as a sales and management centre. In addition to the headquarters in Shanghai and operation support centre in Shenzhen, we plan to extend our network in China by setting up branch offices in Chongqing and Beijing by mid 2008. These local offices will carry our brand and serve as contact points for potential clients and marketing means for publicity.

Over the past years, we have developed a network of financial services partners and formed strategic alliances with a number of well-known brokerage firms in the Mainland. These tie-ups have been instrumental in bringing in new referral business from Mainland clients who have significant investment needs outside of China. In addition to business referrals, the Mainland firms have helped us fine-turn our business model to suit the local market needs, expand our local network, and market our brand.

Our investment banking group started to market its business to the Mainland enterprises in the late nineties. It has developed a good network of connections with corporations, local government offices and regulatory bodies, particularly in the provinces of Shandong, Shanxi, Henan, and Guangxi. Many of these relationships have been long-standing and trustworthy. To further strengthen and nurture these established connections, we plan to setup representative offices in these provinces during 2008. These offices will also serve as contact points for other business units.

Our plan is to position the operations in Hong Kong as a fully-fledged sales and execution centre equipped with a full range of product selection, a scaleable and stable platform with a technologically advanced system to provide a boundary-less and interactive service experience.

Securities Broking

We successfully increased our market share as a result of our strategy to bring in a mix of active trading business to our mature and stable brokerage component over the past year. The new business was originally brought in to compensate for the impact of reduced commission on the industry. The result of this new addition has not only increased our revenue, but also raised our securities turnover. What was more significant was that the efforts we made in previous years to optimise our trading platforms and broaden our delivery channels have helped us meet the continued increase in trading volume without compromising our service levels at all time.

With the addition of the active trading business and the abundant inflow of international funds into Hong Kong in anticipation of the appreciation of RMB and RMB denominated assets, our securities turnover increased by more than 1.5 times last year. This was also partly attributable to the large inflow of funds after the announcement that Mainland individuals would be allowed to invest directly in the Hong Kong stock market and the commencement of QDII investments. Though the IPO market was not as strong as 2006 in terms of total funds raised, that did not seem to impact the confidence of the investing public. The strong appetite for IPO subscriptions increased the demand for margin financing which was another component of our revenue.

Wealth Management

The wealth management business made a number of significant changes including the re-engineering of its pricing and payout scheme to attract and retain sales professionals over the past year. In addition, it strengthened the recruitment to nearly double the number of sales representatives. As a result of these changes, its sales revenue increased by a high double-digit and the earnings before interest and tax doubled. With a view to enhancing its service experience, the business unit launched an after-sale survey, a pioneer in its field, to gather feedback and strengthen client relationships.

Asset Management

The asset management business is a showcase of our successful strategy of product and income diversification over the years. The service provides us with a lever to tap into the high-net-worth segment where demand for personalised professional asset management service is growing. The business model provides us with a growing opportunity to increase our base income with considerable incentive revenues earned when we achieve higher returns for our clients. Over the past year, the portfolio of our asset management business doubled in value, thanks to the general market strength and good investment strategies. A number of portfolios have recorded out-performance. Income generated from portfolio management and performance has nearly doubled.

Investment Banking Group

In investment banking, corporate activities such as M&As, secondary fund raisings, assets injections seemed to have dominated the market. After a record 2006, IPOs remained robust. Under this favourable environment, the investment banking unit was particularly active in financial advisory and special transactions. It continued to look for IPO sponsorships opportunities for emerging private and state-owned enterprises in China. Our strategic focus was to broaden and deepen client relationships with medium-sized companies and to finalise a number of transactions initiated earlier.

People

At CFSG, we recognise that the long-term success of our business is built on trust, integrity, and professionalism and people remain our most valuable asset. Our experience shows that if we treat our people right, they will serve our clients well and success will follow.

Throughout the year, our employees participated in a wide spectrum of training and development programs to upgrade their operational and managerial skills. We will continue to dedicate resources towards personal development to enhance employees' competencies as well as their sense of belonging within the organisation. Our goal is to create an environment to attract, develop, motivate, and retain talents and to encourage them to work together as a team.

We foster a culture that values people, focuses on client needs, strives for quality, embraces change, and promotes teamwork.

A Total Caring Organisation

We are dedicated to creating value for stakeholders, delivering superior shareholders' returns, caring for employees' welfare, and being a trusted partner to clients we serve and a responsible corporate citizen in the communities we operate.

We manage the growth of our business without compromising the environment or society. We believe the health of our environment and society will in turn help sustain the growth of our business over the long term.

Our principles are meeting the needs of our customers with quality products and innovative services; creating an enjoyable work environment that unleashes the full potential of our employees; supporting the preservation of natural environment; and contributing to the betterment of the community, especially for our future generations.

Our company

We set our corporate objectives four years ago to achieve a respectable growth rate and to change our listing to the main board. We have now achieved all our financial targets and strategically positioned ourselves to participate in the eventual opening up of the financial markets in China. It is our belief that time is right to move our listing to the main board.

Outlook

Outlook 2008 will continue to be a year where we focus on the development of our China business. We intend to expand our existing networks which are pivotal for business referrals in securities broking, wealth management, and investment banking business. Specifically, we plan to set up two new sales offices and four representative offices to complement our branches in Shanghai and Shenzhen.

Currently, the offices in China do not conduct securities dealing business and their primary function is to provide potential clients and the investing public with market and investment research. Our experience suggests that investors value this type of investment information from a reputable and trustworthy company like us. Over the course, we will leverage on these local offices to strengthen brand awareness, generate database, gather local market information, and develop strategic alliances with local partners. This strategy will help us tap the local network and talents for future expansion as the market opens up.

The securities broking business remains our core income contributor but its revenue composition will likely change as a result of our strategic shift to focus on the high margin and cash account business. In order to provide a stable and reliable service to a boundary-less clientele, we will continue to strengthen the execution capability and system stability of our platform. To enhance the online trading experience, we will introduce new features and functionalities in the coming year.

Competition in the wealth management business is as intense as ever. To solidify and expand its market share in this increasingly competitive environment, the business will continue to beef up recruitment and strengthen sales training. One of its goals is to diversify and stabilise income source by increasing the fee portion of income generated from discretionary portfolio management service. At the same time, it will continue to expand its product offerings and raise service level with an objective to attract and retain more clients. Strengthening cross-selling synergies with the house-served brokerage clients will continue to be one of the key strategies in 2008.

As a relatively new business to the group, the asset management business will continue to expand its capacity by increasing the number of professional investment analysts and managers and enhancing the service awareness. It will continue to focus its efforts to grow its client-base and assets under management while maintaining its superior performance.

To complement our corporate strategies and capitalise on the business relationships we have developed in China over the years, the investment banking group plans to set up new representative offices in the provinces of Shandong, Shanxi, Henan, and Guangxi. Together with the offices in Shanghai, Shenzhen, Chongqing, and Beijing, the eight offices will be pivotal to our strategy to tap the growing IPO pipeline of medium-sized companies in the PRC. This will also serve as contact points for other business units.

The Group is generally optimistic about the business outlook for 2008. Hong Kong's GDP is expected to show a reasonable growth of 4.5% while liquidity remains abundant in anticipation of the Renminbi-asset appreciation and continued high growth in the Mainland. The expectation of interest rate cuts in the US and the rising negative real interest rates in the territory will continue to boost the Hong Kong property market.

Granted, there are challenges and factors ahead that could affect the global and local investment environment, such as the global credit crunch, continued consumer and food price inflation, severe slowdown of the US economy, tension in the Middle East which has resulted in high energy prices, and China's macroeconomic tightening and its impact on the rest of the world.

Locally, we have built a strong platform that positions us favourably as we aim to accelerate the pace of growth. With the PRC market as our future expansion focus, we continue to equip our platform with multi-faceted and diversified capabilities in anticipation of the eventual opening up of the financial markets in the Mainland. In the meantime, we will continue to collaborate with Mainland securities and brokerage firms for referral opportunities. Overall, we will continue to diversify our revenue mix through strengthening existing businesses, enriching product types, and sourcing new income streams in concert with our business development in China. Our goal is to position CFSG as clients' financial services house of choice that has comprehensive product offerings to meet their diverse financial needs and values their business relationships.

EMPLOYEE INFORMATION

At 31 December 2007, the Group had 283 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$80.0 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, presentation, coaching and also professional regulatory training programs as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("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, rules and regulations and safety measures. This orientation is designed to integrate the employees into the Group and, the directors believe, helps improve productivity of new employees at an early stage.

CORPORATE GOVERNANCE

The Board has adopted a set of corporate governance principles ("Principles") which aligns with or is more restrictive than all requirements set out in the Code on Corporate Governance Practices ("CG Code") and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and/or the Rules Governing the Listing of Securities on the Stock Exchange (as the case may be). The Board had also in writing made specific enquiry to each executive director and independent non-executive director in respect of the due compliance of the rules and principles relevant to the Model Code. The Company had duly complied with the Principles throughout the period covering the financial period ended 31 December 2007 and up to the date of this announcement. The Board is not aware of any deviations from the Principles during the year.

REVIEW OF RESULTS

The Group's audited consolidated results for the year ended 31 December 2007 have been reviewed by the Audit Committee of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 17 March 2008

As at the date hereof, the executive directors of the Company are Mr Kwan Pak Hoo Bankee, Mr Wong Kin Yick Kenneth, Mr Law Ping Wah Bernard, Mr Cheng Man Pan Ben and Mr Chan Chi Ming Benson, and the independent non-executive directors of the Company are Mr Cheng Shu Shing Raymond, Dr Hui Ka Wah Ronnie and Mr Lo Kwok Hung John.