CASH Financial Services Group Limited

(incorporated in Bermuda with limited liability)

(Stock code #8122)

FIRST QUARTER RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the Directors of CASH Financial Services Group Limited ("Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief,: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The unaudited consolidated results of the Company and its subsidiaries ("Group") for the three months ended 31 March 2006 together with the comparative figures for the last corresponding period are as follows:

	Notes	**Unaudited three months ended 31 March 2006 HK$'000**	2005 HK$'000
Revenue	(3)	**88,441**	51,480
Other operating income		**274**	303
Salaries, commission and related benefits		**(44,506)**	(26,004)
Other operating and administrative expenses		**(19,271)**	(13,960)
Depreciation and amortisation		**(1,747)**	(3,808)
Finance costs		**(10,117)**	(1,361)
Net increase in fair value of listed investments held for trading		**5,027**	352
Profit before taxation		**18,101**	7,002
Taxation charge	(4)	**(2,620)**	(50)
Profit for the period		**15,481**	6,952
Attributable to:			
Equity holders of the Company		**15,311**	6,697
Minority interests		**170**	255
		15,481	6,952
Earnings per share	(5)		
- Basic		**1.2 cents**	0.9 cent
- Diluted		**1.1 cents**	N/A

Notes:

(1) Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and all Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated results for the three months ended 31 March 2006 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

(2) Significant accounting policies

The unaudited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue arising from financial services are recognised on the following basis:

- Trading investments such as securities, futures and options are accounted for under HKAS 39 as financial assets at fair value through profit or loss and the net increase or decrease in fair value are accounted for on a trade date basis and 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, placing commission and sub-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.

- 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 arising from the online game services are recognised on the following basis:

- Online game services income is recognised when the playing units purchased by customers are used in playing the online game. Payments received from the sales of prepaid playing units that have not been used, are recorded as deferred income.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rate per annum:

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is dereognised.

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 balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 translation 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 differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

Retirement benefit costs

Payments to the Group's retirement benefits scheme which are defined contribution plans are charged as an expense as they fall due.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the income statement in the period in which they are incurred.

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 as reported in the income statement 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 balance sheet date.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

On initial recognition, intangible assets acquired are recognised at cost. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses below).

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

Impairment

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet 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.

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss and loans and receivables. 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. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including account receivables, loan receivables, prepayments, deposits and other receivables, and amount due from fellow subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss represents financial liabilities held for trading. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including accounts payables, accrued liabilities and other payables, and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Convertible loan note

Convertible loan note issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan note and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the loan note into equity, is included in equity (convertible loan note equity reserve).

In subsequent periods, the liability component of the convertible loan note is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan note equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan note are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan note using the effective interest method.

Equity instruments

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

Derivative financial instruments

The derivative financial instruments are deemed as financial assets held for trading or financial liabilities held for trading and are measured at fair value. Changes in fair values of such derivatives are recognised directly in profit and loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the entire combined contracts are treated as held-for-trading.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Equity-settled share-based payment transactions (Share options granted to employees of the Company)

For share options granted after 7 November 2002 but not yet vested before 1 January 2005 and those options granted after 1 January 2005, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expenses in full at the grant date when share options granted vested immediately, with a corresponding increase in equity (other reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in other reserve.

Impairment losses (other than goodwill and intangible assets with indefinite useful lives)

At each balance sheet date, 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

(3) Revenue

The principal activities of the Group are (i) financial services including online and traditional brokerage of securities, options, futures, and leveraged foreign exchange contracts as well as mutual funds and insurance-linked investment products, margin financing, corporate finance, and other financial services; and (ii) online game developer and operator in the PRC.

	Unaudited three months ended 31 March	
	2006	2005
	HK$'000	HK$'000
Fees and commission income	**69,185**	46,958
Interest income	**17,697**	4,522
Online game services income	**1,559**	-
	88,441	51,480

(4) Taxation charge

	Unaudited three months ended 31 March 2006 HK$'000	2005 HK$'000
Current period:		
Hong Kong Profits Tax	**120**	50
Deferred taxation	**2,500**	-
	2,620	50

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

No provision for the PRC income tax has been made as the Group did not have any assessable profits during the period.

Part of the deferred tax asset of HK$2,500,000 has been utilised in current period due to assessable profit was expected to be earned by certain subsidiaries. No other deferred tax asset has been recognised in the financial statements due to the unpredictability of future taxable profit streams.

(5) Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the three months ended 31 March 2006 together with the comparative figures for the prior period are as follows:

	Unaudited three months ended 31 March 2006 HK$'000	2005 HK$'000
Profit		
Profit for the purpose of basic earnings per share	**15,311**	6,697
Effect of dilutive potential ordinary shares: Interest on convertible loan note	**107**	-
Profit for the purpose of diluted earnings per share	**15,418**	6,697
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,326,548,099**	754,556,448
Effect of dilutive potential ordinary shares assumed conversion of convertible loan note	**52,962,962**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,379,511,061**	754,556,448

In the opinion of the Directors, in the corresponding period of 2005, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible loan note due to insignificant effect.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares for both periods.

(6) Movement of Reserves

	Unaudited three months ended 31 March						
	2006						2005
	Share premium HK$'000	Contributed surplus HK$'000	Convertible loan note equity reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Total HK$'000
Beginning of the three months period	130,794	173,550	581	883	(53,678)	252,130	164,048
Profit for the period, representing total recognised income for the period	-	-	-	-	15,311	15,311	6,697
Recognition of employee share option benefits	-	-	-	-	-	-	122
Arising from partial repayment of convertible loan note	-	-	(273)	-	-	(273)	-
Issue of new shares	92,981	-	-	-	-	92,981	-
End of the three months period	223,775	173,550	308	883	(38,367)	360,149	170,867

DIVIDEND

The board of Directors ("Board") does not recommend the payment of any dividend for the three months ended 31 March 2006 (2005: Nil).

REVIEW AND OUTLOOK

The Hong Kong stock market was filled with optimism and excitement during the quarter under review. Signs of accelerating economic pick-up in China and continued speculation over RMB appreciation attracted significant inflows into Hong Kong, particularly into China-related shares. The China H-shares and Red Chips rose 25.8% and 12.9%, respectively. The Hang Seng Index, however, lagged its Chinese counterparts and ended the quarter 6.2% higher. Concerns over rising local interest rates on the back of the continued hike in US interest rates dampened investors' sentiment in both the local property market and stock market. Notably, the IPO market was hot and most IPO issues were heavily sought after, thanks to the investors' optimism and the abundance of liquidity. Globally, continued rise in prices of crude oil, precious metals and commodities to reach decade-long highs has raised concerns over cost-push inflation and posed threat to global economic growth. The inflationary pressure, though benign for the time being, could creep up as global growth seems to be synchronizing.

The Group experienced significant growth in the first quarter, with a turnover of HK$88.4 million compared to HK$51.5 million for the same period of last year. A net profit attributable to shareholders of HK$15.3 million was recorded for the period ended 31 March 2006.

Our market share by turnover has improved handsomely during the first quarter partly due to the general market strength and partly due to the efforts we have invested in the past years to improve our delivery channels and execution platforms. These initiatives have enabled us to attract sales talents and profitable customer groups.

Product enrichment and revenue diversification remain the primary pillars of our business strategy. We continue to expand and strengthen our wealth management initiatives and investment banking activities. Among other business units, the core brokerage business experienced the fastest growth in the last quarter while revenue from the wealth management business continued to show steady and healthy growth. The brokerage division was active in recruiting sales executives as we are preparing for the upcoming expansion.

At the beginning of the year, the investment banking unit successfully listed Lingbao Gold, a high profile H-share, on the Hong Kong stock exchange. The listing has drawn good publicity and attention from the financial services industry. It has also enhanced our credentials among potential listing candidates.

The asset management business, which was launched last year, continued to focus on increasing client base. The division has recently brought in a new team of professionals to complement the expansion as we initiate the discretionary portfolio business. This move will also lay a foundation as we aim to develop the mutual fund business.

Our online game subsidiary launched it first multi-player online game during the first quarter. The inaugural game was well received by the market and the feedback has been positive. With the recently established network of distribution channels, the subsidiary has also formed partnerships with a number of major online developers in the Mainland and across the Strait to further strengthen the distribution capability.

Looking ahead, concerns over high energy and commodity prices, inflationary pressure, housing slowdown in the US, and China’s ability to sustain its strong economic growth will likely continue to affect the global investment sentiment. While we have been on track with our business plan thus far, we remain vigilant to keep our cost structure lean and strive to diversify our income mix through strengthening existing businesses and enriching product types. Our goal is to position ourselves as clients’ financial services house of choice with comprehensive product offerings that meet their diverse financial needs.

DIRECTORS’ INTERESTS IN SECURITIES

As at 31 March 2006, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rule 5.46 of the GEM Listing Rules were as follows:

A. The Company

(a) Long positions in the shares

Name	Capacity	Number of shares: Personal	Number of shares: Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	679,219,434*	49.18
Law Ping Wah Bernard	Beneficial owner	5,000,000	-	0.36
Wong Kin Yick Kenneth	Beneficial owner	1,900,000	-	0.14
Cheng Shu Sing Raymond	Beneficial owner	1,100,000	-	0.08
		8,000,000	679,219,434	49.76

* The shares were held as to 40,392,000 shares by Cash Guardian Limited (“Cash Guardian”) and as to 638,827,434 shares by Celestial Investment Group Limited (“CIGL”), a wholly-owned subsidiary of Celestial Asia Securities Holdings Limited (“CASH”). Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian as disclosed in the “Substantial Shareholders” below.

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

Name	Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options outstanding as at 1 January 2006	Number of options outstanding as at 31 March 2006	Percentage to issued shares as at 31 March 2006 (%)
Kwan Pak Hoo Bankee	6/10/2005	6/10/2005 - 31/10/2006	0.38	(3)	7,800,000	7,800,000	0.56
Law Ping Wah Bernard	6/10/2005	6/10/2005 - 31/10/2006	0.38		7,800,000	7,800,000	0.56
Wong Kin Yick Kenneth	6/10/2005	6/10/2005 - 31/10/2006	0.38		7,800,000	7,800,000	0.56
Cheng Man Pan Ben	2/12/2003	1/6/2004 - 31/5/2006	0.34	(1)	650,000	650,000	0.05
	6/10/2005	6/10/2005 - 31/10/2006	0.38		7,800,000	7,800,000	0.56
Kwok Oi Kuen Joan Elmond	6/10/2005	6/10/2005 - 31/10/2006	0.38	(2)	7,800,000	N/A	N/A
Cheng Shu Shing Raymond	6/10/2005	6/10/2005 - 31/10/2006	0.38		1,000,000	1,000,000	0.07
Hui Ka Wah Ronnie	6/10/2005	6/10/2005 - 31/10/2006	0.38		1,000,000	1,000,000	0.07
Lo Kwok Hung John	6/10/2005	6/10/2005 - 31/10/2006	0.38		1,000,000	1,000,000	0.07
					42,650,000	34,850,000	3.01

Notes:

(1) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.

(2) Ms Kwok Oi Kuen Joan Elmond resigned as Director of the Company during the period.

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

(4) No option held by the Directors was granted, exercised, lapsed or cancelled during the period.

(5) The options are held by the Directors in the capacity of beneficial owner.

(c) Aggregate long positions in the shares and the underlying shares

Name	Number of shares	Number of underlying shares	Aggregate in number	Percentage to issued shares as at 31 March 2006 (%)
Kwan Pak Hoo Bankee	679,219,434	7,800,000	687,019,434	49.74
Law Ping Wah Bernard	5,000,000	7,800,000	12,800,000	0.92
Wong Kin Yick Kenneth	1,900,000	7,800,000	9,700,000	0.70
Cheng Man Pan Ben	-	8,450,000	8,450,000	0.61
Cheng Shu Shing Raymond	1,100,000	1,000,000	2,100,000	0.15
Hui Ka Wah Ronnie	-	1,000,000	1,000,000	0.07
Lo Kwok Hung John	-	1,000,000	1,000,000	0.07
	687,219,434	34,850,000	722,069,434	52.26

B. Associated corporations (within the meaning of SFO)

1. CASH

(a) Long positions in the shares

Name	Capacity	Number of shares: Personal	Number of shares: Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Founder of a discretionary trust	-	164,028,376*	37.49
Law Ping Wah Bernard	Beneficial owner	5,096,200	-	1.16
Cheng Man Pan Ben	Beneficial owner	63,500	-	0.01
		5,159,700	164,028,376	38.66

* 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 as disclosed in the "Substantial Shareholders" below.

(b) Aggregate long positions in the shares and the underlying shares

Name	Number of shares	Aggregate in number	Percentage to issued shares as at 31 March 2006 (%)
Kwan Pak Hoo Bankee	164,028,376	164,028,376	37.49
Law Ping Wah Bernard	5,096,200	5,096,200	1.16
Cheng Man Pan Ben	63,500	63,500	0.01
	169,188,076	169,188,076	38.66

2. CASH Retail Management Group Limited

(a) Long positions in the shares

Name	Capacity	Number of shares: Other interest	Shareholding (%)
Kwan Pak Hoo Bankee	Founder of a discretionary trust	392,027,587*	35.88

* The shares were held as to 389,027,587 shares by CIGL and its controlled companies and as to 3,000,000 shares by Cash Guardian. Mr Kwan was deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian as disclosed in the “Substantial Shareholders” below.

(b) Aggregate long positions in the shares and the underlying shares

Name	Number of shares	Aggregate in number	Percentage to issued shares as at 31 March 2006 (%)
Kwan Pak Hoo Bankee	392,027,587	392,027,587	35.88

Save as disclosed above, as at the 31 March 2006, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests or 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

Details of share options to subscribe for shares in the Company granted to participants under the share option scheme of the Company during the three months ended 31 March 2006 were as follows:

Date of grant	Exercise period	Exercise price per share (HK$)	Notes	Number of options		
				outstanding as at 1 January 2006	exercised during the period (Note (3))	outstanding as at 31 March 2006
Directors						
2/12/2003	1/6/2004 - 31/5/2006	0.34	(1)	650,000	-	650,000
6/10/2005	6/10/2005-31/10/2006	0.38	(1)	42,000,000	-	42,000,000
				42,650,000	-	42,650,000
Employees						
2/12/2003	1/6/2004 - 31/5/2006	0.34	(2)	4,420,000	(1,170,000)	3,250,000
6/10/2005	6/10/2005 - 31/10/2006	0.38		33,000,000	-	33,000,000
				37,420,000	(1,170,000)	36,250,000
				80,070,000	(1,170,000)	78,900,000

Notes:

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

(2) The options are vested in 2 tranches as to (i) 50% exercisable from the commencement of the exercise period; and (ii) 50% exercisable from the expiry of 12 months from the commencement of the exercise period.

(3) On 26 January 2006, 1,170,000 share options were exercised at the exercise price of HK$0.34 per share. The weighted average closing price of the Company's shares immediately before the date of exercise was HK$0.42 per share.

(4) No option was granted, lapsed or cancelled during the period.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company 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	Number of underlying shares	Aggregate in number	Shareholding (%)
Jeffnet Inc (Note (1))	Trustee of a discretionary trust	679,219,434	-	679,219,434	49.18
Cash Guardian (Note (1))	Interest in a controlled corporation	679,219,434	-	679,219,434	49.18
CASH (Note (1))	Interest in a controlled corporation	638,827,434	-	638,827,434	46.26
CIGL (Note (1))	Beneficial owner	638,827,434	-	638,827,434	46.26
Dr Wolfgang Auer von Welsbach (Note (2))	Interest in a controlled corporation	71,502,907	-	71,502,907	5.18
Auer von Welsbach Privatstiftung (Note (2))	Interest in a controlled corporation	71,502,907	-	71,502,907	5.18
AvW Beteiliguangsverwaltungs GmbH (Note (2))	Interest in a controlled corporation	71,502,907	-	71,502,907	5.18
AvW Management Beteiliguangs AG (Note (2))	Interest in a controlled corporation	71,502,907	-	71,502,907	5.18
AvW Invest AG (Note (2))	Beneficial owner	71,502,907	-	71,502,907	5.18
Mr Al-Rashid, Abdulrahman Saad ("Mr Al-Rashid") (Note (3))	Interest in a controlled corporation	100,552,000	52,962,962	153,514,962	11.12
Abdulrahman Saad Al-Rashid & Sons Company Limited ("ARTAR") (Note (3))	Beneficial owner	100,552,000	52,962,962	153,514,962	11.12

Notes:

(1) This refers to the same number of 679,219,434 shares which were held as to 638,827,434 shares by CIGL, a wholly-owned subsidiary of CASH, and as to 40,392,000 shares by Cash Guardian (which was 100% beneficially owned by Jeffnet Inc). CASH was owned as to approximately 37.49% by Cash Guardian. Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which were held by a discretionary trust established for the benefit of the family members of Mr Kwan Pak Hoo Bankee. Pursuant to the SFO, Mr Kwan, Jeffnet Inc and Cash Guardian were deemed to be interested in all the shares held by CIGL through CASH. The above interest has already been disclosed as other interest of Mr Kwan in the section headed "Directors' Interests in Securities" above.

(2) This refers to the same number of 71,502,907 shares held by AvW Invest AG, an Austria corporation and was listed on Vienna Stock Exchange, ATX Prime Market. AvW Invest AG was 74% owned by AvW Management Beteiliguangs AG, which in turn was 100% owned by AvW Beteiliguangsverwaltungs GmbH. AvW Beteiliguangsverwaltungs GmbH is 100% owned by Auer von Welsbach Privatstiftung, which was a discretionary trust established in Austria and its founders include Dr Wolfgang Auer von Welsbach. Pursuant to the SFO, Dr Wolfgang Auer von Welsbach, Auer von Welsbach Privatstiftung, AvW Beteiliguangsverwaltungs GmbH and AvW Management Beteiliguangs AG were deemed to be interested in all the shares held by AvW Invest AG.

(3) This refers to the 100,552,000 shares and a convertible loan note in the outstanding amount of HK$14,300,000 held by ARTAR. The convertible loan note is convertible into a maximum number of 52,962,962 shares at the initial conversion price of HK$0.27 per share (subject to adjustment). ARTAR was a 45% owned controlled corporation of Mr Al-Rashid. Pursuant to the SFO, Mr Al-Rashid was deemed to be interested in the shares and the underlying shares held by ARTAR.

Save as disclosed above, at 31 March 2006, no other parties were recorded in the register required by the SFO to be kept as having an interest of 5% or more or short positions of the issued share capital of the Company.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined under GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the three months ended 31 March 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board
Bankee P Kwan
Chairman

Hong Kong, 9 May 2006

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