

NOTES

For the six months ended 30 June 2006

1. Accounting policies

The unaudited condensed interim financial statements (“interim financial statements”) have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the compliance with Hong Kong Accounting Standards No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

These interim financial statements should be read in conjunction with the 2005 annual financial statements.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005.

2. Segment Information

- (a) An analysis of the Group’s revenue and contribution to profit from operating activities by business segment is as follows:

For the six months ended 30 June 2006

	Securities broking HK\$'000	Securities trading and investment HK\$'000	Margin financing and money lending HK\$'000	Corporate advisory and underwriting HK\$'000	Property investment and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	46,202	5,583	24,555	5,693	603	–	82,636
Intersegment sales	–	–	769	–	–	(769)	–
	<u>46,202</u>	<u>5,583</u>	<u>25,324</u>	<u>5,693</u>	<u>603</u>	<u>(769)</u>	<u>82,636</u>
Contribution from segments	<u>9,762</u>	<u>(2,266)</u>	<u>4,777</u>	<u>(690)</u>	<u>(2,258)</u>		<u>9,325</u>

For the six months ended 30 June 2005

	Securities broking HK\$'000	Securities trading and investment HK\$'000	Margin financing and money lending HK\$'000	Corporate advisory and underwriting HK\$'000	Property investment and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenue:							
Sales to external customers	32,199	4,201	16,604	4,326	2,222	–	59,552
Intersegment sales	–	–	265	–	–	(265)	–
	<u>32,199</u>	<u>4,201</u>	<u>16,869</u>	<u>4,326</u>	<u>2,222</u>	<u>(265)</u>	<u>59,552</u>
Contribution from segments	<u>277</u>	<u>(11,917)</u>	<u>(2,335)</u>	<u>(765)</u>	<u>18,255</u>		<u>3,515</u>

- (b) Over 90% of the Group’s revenue and results are derived from Hong Kong.

3. Profit from operating activities

Profit from operations for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2006	2005
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation	1,077	1,336
Interest expenses for margin financing and money lending operations	8,021	2,689
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Gains from securities, bullion and commodities trading, net	(4,634)	(3,921)
Interest income from margin financing and money lending operations	(24,476)	(16,124)
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4. Taxation

Hong Kong profits tax was provided at the rate of 17.5% (six months ended 30 June 2005: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated at rates of taxation prevailing in the countries in which the Group operates.

5. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

6. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$7,295,000 (six months ended 30 June 2005: HK\$2,656,000) and 4,950,415,249 ordinary shares (six months ended 30 June 2005: 4,861,990,940 ordinary shares) being the weighted average number of ordinary shares outstanding during the period.

No diluted earnings per share has been presented because the exercise price of the Company's share options was higher than the average market price for shares for the six months ended 30 June 2006.

Diluted earning per share has not been presented as the outstanding share options had no dilutive effect on the basic earnings per share for the six months ended 30 June 2006.

7. Available-for-sale financial assets

Available-for-sale financial assets represented listed equity securities in Hong Kong at market value.

8. Trade receivables and payables

All of the Group's trade receivables and payables are aged within 90 days.