



VALUE CONVERGENCE HOLDINGS LIMITED

滙盈控股有限公司

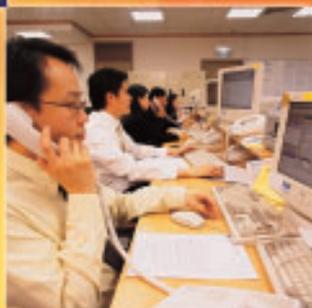
Delivering Value
through Excellence



Brokerage

Asset Management

Corporate Finance



2007
Interim Report

A Hong Kong listed company with stock code : 8101

www.valueconvergence.com

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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.

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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 at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed companies.

This report, for which the directors of VALUE CONVERGENCE HOLDINGS LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to VALUE CONVERGENCE HOLDINGS LIMITED. The directors of VALUE CONVERGENCE HOLDINGS LIMITED, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board (the “Board”) of directors (the “Directors”) of Value Convergence Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group” or “Value Convergence”) for the three months ended 30th June 2007 (“Three-Month Period”) and six months ended 30th June 2007 (“Six-Month Period”), together with comparative figures of the corresponding periods in 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Value Convergence is an established financial services group committed to delivering premier financial services and products that can fulfill the various investment and wealth management needs of its clients in the Greater China region. The Group’s expertise include securities, futures and options brokering, asset management, as well as corporate finance services in relation to sponsoring and underwriting initial public offerings and mergers and acquisitions.

During the Three-Month Period and the Six-Month Period, the Group reported unaudited consolidated revenues of approximately HK\$76.2 million and HK\$133.9 million respectively, increased by about 58.9% and 42.8% compared with the corresponding periods in 2006 (three months and six months ended 30th June 2006: HK\$47.9 million and HK\$93.8 million respectively). The Group’s unaudited consolidated profit before taxation for the Three-Month Period and Six-Month Period was approximately HK\$9.7 million and HK\$19.3 million respectively, about HK\$4.1 million more and HK\$3.9 million more than that in 2006 (three months and six months ended 30th June 2006: HK\$5.6 million and HK\$15.4 million respectively).

Riding on the momentum built up in the first quarter of 2007, the financial services industry continued to expand rapidly in the second quarter. The average daily turnover of the Hong Kong stock market in the second quarter of 2007 reached approximately HK\$65.9 billion, about 93.3% and 24.6% higher than the figure of approximately HK\$34.1 billion in the same period in 2006 and the figure of HK\$52.9 billion in the preceding quarter.

Brokerage

Benefiting from the buoyant Hong Kong stock market in the first half of 2007, the Group’s brokerage business delivered better performance. During the Six-Month Period, gross brokerage commission income increased by 54.3% or about HK\$30.5 million to HK\$86.6 million compared with the same period last year. Net brokerage commission income also reported a 66.4% increase. Overall, the broking segment recorded improved revenues and operating profit of approximately HK\$86.6 million and HK\$14.1 million respectively for the Six-Month Period (six months ended 30th June 2006: approximately HK\$56.2 million and HK\$3.0 million respectively).

As for margin and other financing business, interest income grew approximately 37% to HK\$37.6 million for the Six-Month Period against about HK\$27.4 million for the six months ended 30th June 2006. As less external borrowings were required during the review period, net interest income grew by about 45.3%. Overall, the Group’s margin and other financing segment reported an operating profit of approximately HK\$10.8 million for the Six-Month Period, 75.2% more than the HK\$6.2 million registered for the corresponding period last year.

Corporate Finance and Others

The Group's corporate advisory and related businesses, including asset management and trading investments, recorded revenues of approximately HK\$9.7 million and operating loss of approximately HK\$3.6 million during the Six-Month Period (six months ended 30th June 2006: HK\$10.2 million and a profit of HK\$7.1 million respectively). The decline was mainly due to the less favourable performance in trading investments.

Asset Management

To diversify product portfolio and enhance fee-based revenue, the Group is setting up a private equity fund that focuses on opportunities in the leisure and entertainment sector in Macau and the Greater China Region and exploring the possibility of establishing a private equity real estate fund that invests in properties primarily in Macau. These investment funds, if successfully established, are expected to contribute to the overall financial performance of the Group starting in the next financial year. The operating results of this division for the review period are included in the Corporate Finance and Others segment.

Liquidity and financial resources/capital structure

The Group financed its business operations with cash revenues generated from operating activities, short-term bank loans, bank overdrafts and shareholders' loans.

The Group held banking facilities of HK\$177.5 million from various banks as at 30th June 2007 (31st December 2006: HK\$170 million) and HK\$60 million (31st December 2006: HK\$60 million) of these banking facilities was secured by margin clients' listed securities. As at 30th June 2007, the Group utilised HK\$112.5 million of its unsecured banking facilities (31st December 2006: unsecured HK\$49 million) and the amount was repaid by 9th July 2007.

As at 30th June 2007, the Group borrowed an aggregate of HK\$241.9 million (31st December 2006: HK\$241.9 million) from its ultimate holding company. The loans bear interest at prime rate minus 2% per annum or HIBOR plus 1.25%-2% per annum and are repayable upon written notice given by the ultimate holding company. The fund was used to finance the expansion of the Group's investment banking and financial services business, to meet related regulatory capital requirements and strengthen related business capability.

As at 30th June 2007, the Group's net current assets, cash available and shareholders' funds (other than clients' segregated accounts) amounted to approximately HK\$190.9 million (31st December 2006: HK\$174.6 million), HK\$53.8 million (31st December 2006: HK\$67.9 million) and HK\$208.5 million (31st December 2006: HK\$193.5 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of 1.11 (31st December 2006: 1.35).

The Group adopts a prudent treasury policy. All borrowings and the majority of bank balances and cash are denominated in Hong Kong dollars and put in short-term fixed deposits. The Group intends to maintain minimum exposure to foreign exchange risks.

As at 30th June 2007, the total number of issued ordinary shares of the Company was 253,860,179 of HK\$0.10 each (31st December 2006: 253,740,179 shares of HK\$0.10 each). The increase in the number of issued shares was the result of the exercise of the Company's share options by the grantees during the Six-Month Period. Subsequent to the period end, the Company issued a total of 50,680,000 shares of HK\$0.10 each at a price of HK\$2.20 per share as a result of a placing and top-up subscription as announced by the Company on 10th July 2007.

Material acquisitions and disposal of subsidiaries, significant investments and their performance

During the Six-Month Period, the Group did not make any material acquisitions, disposal, significant investments or capital commitments.

Headcount/Employees' information

As at 30th June 2007, the Group employed a total of 124 employees, of which 119 were stationed in Hong Kong and 5 in the PRC. As at 30th June 2006, the Group employed a total of 128 employees, of which 123 were stationed in Hong Kong and 5 in the PRC.

Staff costs (including directors' emoluments and staff sales commission) amounted to approximately HK\$69.3 million for the Six-Month Period (six months ended 30th June 2006: HK\$47.5 million). The rise was mainly due to an increase in staff sales commission expenses of approximately HK\$15.6 million resulting from the higher turnover in the period. The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence. In addition to basic salaries and Mandatory Provident Fund Scheme, other benefits include medical coverage, sales commission, performance-based bonus and discretionary share options. Training and development programmes are also provided to the Group's employees on an ongoing basis.

Charges on group assets

As at 30th June 2007, the Group had not charged or pledged any of its assets (31st December 2006: Nil).

Gearing ratio

As at 30th June 2007, the Group's gearing ratio, expressed as a percentage of total borrowings (including bank loans and overdrafts and loans from the ultimate holding company) over shareholders' funds, was at a level of 7.22 times (31st December 2006: 1.5 times). The rise in the gearing ratio was due to an increase of HK\$1,142 million as at 30th June 2007 in the short-term bank borrowings in relation to IPO financing, excluding which the gearing ratio would be about 1.72 times. Such bank borrowings relating to IPO financing were fully repaid by 9th July 2007.

Foreign exchange exposure

The Group's policy stipulates that each operating entity shall use local currency as the denomination for its operations whenever possible in order to minimize exchange related risks. The Group's principal businesses are conducted and recorded in Hong Kong dollars. Impact from foreign exchange exposure is minimal, hence no hedging against foreign currency exposure is necessary.

Future plans for material investments or capital assets

The Company has commenced negotiations for a possible acquisition of The Macau Chinese Bank Limited, as referred to in the announcement of the Company dated 9th July 2007.

Contingent liabilities

As at 30th June 2007, the Company provided guarantees of HK\$147.5 million (31st December 2006: HK\$140 million) to banks in respect of banking facilities granted to a subsidiary, VC Brokerage Limited.

OUTLOOK

The local stock market was on an uptrend supported by the strengthening local economy, improved corporate earnings and frequent fund raising activities in the first half of the year. The Hang Seng Index broke the 22,000 mark for the first time at the end of the second quarter. However, worries about the Chinese government introducing more severe measures to control the overheated economy and worries over sub-prime lending in the U.S. resulted in a highly volatile market, hence caution is required in investing in the stock market in the remaining half year.

Looking ahead, the Group expects the economy to continue to revive and investor confidence to grow. The management is therefore optimistic about the long-term prospects of the Group's financial services business. With strong experience and managerial know-how in the financial services industry, Value Convergence will continue to enhance its product and service offerings to cater for clients' diverse and growing needs. The Group will also actively seek strategic acquisitions that can enable it to capture new business opportunities in the rapidly growing financial markets in the Greater China region and broaden its customer base, revenues and profit fundamentals, and ultimately improve shareholders' value.

Currently, the Group is in negotiations regarding a possible acquisition of a controlling interest in The Macau Chinese Bank Limited, a licensed bank incorporated in the Macau Special Administrative Region of the PRC. Such negotiations are still ongoing but, if successful, will enable the Group to become a full-fledged financial services group that can offer, in addition to its existing product portfolio, commercial and retail banking services in the high-growth region of Macau, and provide synergistic benefits to the Group as a whole.

By Order of the Board of
Value Convergence Holdings Limited
Ho, Lawrence Yau Lung
President and Vice Chairman

Hong Kong, 10th August 2007

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30th June 2007

	Note(s)	Unaudited Three months ended 30th June		Unaudited Six months ended 30th June	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	(2)	76,165	47,935	133,902	93,765
Other income		613	935	1,056	1,267
Net gain (loss) on trading investments		874	(611)	(94)	7,157
Staff costs	(3)	(41,625)	(22,820)	(69,288)	(47,494)
Depreciation of property, plant and equipment	(8)	(425)	(314)	(749)	(838)
Amortisation of trading rights		(126)	(126)	(253)	(253)
Commission expenses		(4,153)	(2,812)	(9,587)	(6,482)
Finance costs	(5)	(13,603)	(8,338)	(21,109)	(16,092)
Other operating expenses		(7,973)	(8,247)	(14,561)	(15,620)
Profit before taxation	(4)	9,747	5,602	19,317	15,410
Taxation charge	(6)	(2,697)	–	(4,800)	–
Profit for the period		<u>7,050</u>	<u>5,602</u>	<u>14,517</u>	<u>15,410</u>
Earnings per share (HK cents)					
Basic	(7)	<u>2.78</u>	<u>2.22</u>	<u>5.72</u>	<u>6.14</u>
Diluted	(7)	<u>2.70</u>	<u>2.16</u>	<u>5.59</u>	<u>6.00</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30th June 2007

		Unaudited 30th June 2007 HK\$'000	Audited 31st December 2006 HK\$'000
Non-current assets			
Goodwill		8,151	8,151
Trading rights		1,520	1,773
Property, plant and equipment	(8)	3,030	2,463
Deferred tax assets		1,100	2,781
Statutory deposits		3,263	3,236
Other intangible assets		547	547
		17,611	18,951
Current assets			
Accounts receivable	(9)	1,804,934	588,236
Prepayments, deposits and other receivables		3,493	5,621
Trading investments		16,394	14,441
Amounts due from fellow subsidiaries		50	62
Bank balances and cash		53,773	67,916
		1,878,644	676,276
Current liabilities			
Accounts payable	(10)	113,018	157,260
Accrued liabilities and other payables		26,700	18,192
Short-term bank borrowings		1,264,822	49,000
Amount due to ultimate holding company		23,963	18,679
Amounts due to fellow subsidiaries		12,824	15,243
Loans from ultimate holding company		241,900	241,900
Taxation payable		4,519	1,400
		1,687,746	501,674
Net current assets		190,898	174,602
Total assets less current liabilities		208,509	193,553
Capital and reserves			
Share capital	(11)	25,386	25,374
Reserves		183,123	168,179
Total equity		208,509	193,553

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2007

	Share capital	Share premium	Capital reserve	Exchange reserve	Retained profits	Share option reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2006 (restated) [#]	24,964	6,468	123,758	(61)	8,836	-	163,965
Profit for the period	-	-	-	-	15,410	-	15,410
Total recognised income and expense for the period	-	-	-	-	15,410	-	15,410
Exercise of share options	316	2,099	-	-	-	-	2,415
Share issue expenses	-	(2)	-	-	-	-	(2)
Recognition of equity-settled share based payment	-	-	-	-	-	405	405
At 30th June 2006	<u>25,280</u>	<u>8,565</u>	<u>123,758</u>	<u>(61)</u>	<u>24,246</u>	<u>405</u>	<u>182,193</u>

[#] Restatement due to the adoption of SSAP12 "Income taxes" and HKFRS 3 "Business Combination" in the prior year.

	Share capital	Share premium	Capital reserve	Exchange reserve	Retained profits	Share option reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2007	25,374	9,074	123,758	(240)	35,168	419	193,553
Exchange difference arising on translation of financial statements of an overseas subsidiary	-	-	-	(139)	-	-	(139)
Net expense recognised directly in equity	-	-	-	(139)	-	-	(139)
Profit for the period	-	-	-	-	14,517	-	14,517
Total recognised income and expense for the period	-	-	-	(139)	14,517	-	14,378
Exercise of share options	12	65	-	-	-	-	77
Recognition of equity-settled share based payment	-	-	-	-	-	501	501
At 30th June 2007	<u>25,386</u>	<u>9,139</u>	<u>123,758</u>	<u>(379)</u>	<u>49,685</u>	<u>920</u>	<u>208,509</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2007

	Unaudited	
	Six months ended	
	30th June	
	2007	2006
	HK\$'000	HK\$'000
Net cash used in operating activities	(1,228,717)	(32,333)
Net cash (used in) from investing activities	(1,342)	2,755
Net cash from financing activities	1,215,899	24,413
Net decrease in cash and cash equivalents	(14,160)	(5,165)
Cash and cash equivalents at the beginning of period	67,916	69,275
Effect of change in foreign currency translation	17	-
Cash and cash equivalents at the end of period, represented by bank balances and cash	<u>53,773</u>	<u>64,110</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30th June 2007

1. Basis of preparation and principal accounting policies

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2007. The adoption of these new HKFRSs has no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective.

HKAS 23	Borrowing costs (revised) 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

¹ Effective for annual periods beginning on or after 1st January 2009.

² Effective for annual periods beginning on or after 1st March 2007.

³ Effective for annual periods beginning on or after 1st January 2008.

The directors of the Company anticipate that the application of these standards or interpretations will have no material effects on the results and the financial position of the Group.

2. Revenues and segment information

Revenues principally arise from the investment banking and financial services business (comprising, among others, provision of initial public offerings, mergers and acquisitions, and other corporate finance related advisory services; and securities, futures and options broking and dealing).

	Three months ended 30th June		Six months ended 30th June	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Brokerage commission from dealing in securities and futures and options contracts	50,532	25,069	86,630	56,155
Underwriting, sub-underwriting, placing and sub-placing commission	1,376	6,664	5,347	6,933
Arrangement, management, advisory and other fee income	1,420	1,625	4,330	3,241
Interest income from clients	22,837	14,577	37,595	27,436
	<u>76,165</u>	<u>47,935</u>	<u>133,902</u>	<u>93,765</u>

Primary reporting format – business segments

The Group has been engaged in investment banking and financial services business and classified the business segments into broking, margin and other financing, and corporate advisory and others. The details of these three business segments are summarised as follows:

- (i) the broking segment engages in securities, futures and options broking and dealing;
- (ii) the margin and other financing segment engages in the provision of margin financing, commercial loans to corporate customers and money lending services; and
- (iii) the corporate advisory and others segment engages in the provision of corporate advisory, placing and underwriting services, proprietary trading and asset management services.

Six months ended 30th June 2007

	Broking	Margin and other financing	Corporate advisory and others	Corporate	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>86,630</u>	<u>37,595</u>	<u>9,677</u>		<u>133,902</u>
Segment results	<u>14,114</u>	<u>10,778</u>	<u>(3,599)</u>		21,293
Unallocated costs					<u>(1,976)</u>
Profit before taxation					19,317
Taxation charge					<u>(4,800)</u>
Profit for the period					<u>14,517</u>

Other segment information:

Depreciation of property, plant and equipment	357	-	336	56	749
Amortisation of trading rights	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253</u>

Six months ended 30th June 2006

	Broking	Margin and other financing	Corporate advisory and others	Corporate	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>56,155</u>	<u>27,436</u>	<u>10,174</u>		<u>93,765</u>
Segment results	<u>2,951</u>	<u>6,152</u>	<u>7,071</u>		16,174
Unallocated costs					<u>(764)</u>
Profit before taxation					15,410
Taxation charge					<u>-</u>
Profit for the period					<u>15,410</u>

Other segment information:

Depreciation of property, plant and equipment	452	-	307	79	838
Amortisation of trading rights	253	-	-	-	253
Impairment allowance on accounts receivable	<u>-</u>	<u>1,677</u>	<u>85</u>	<u>-</u>	<u>1,762</u>

Secondary reporting format – geographical segments

No geographical segment analysis is presented for the six months ended 30th June 2007 and 2006 respectively as over 90% of the Group's revenues and segment results are derived from Hong Kong.

3. Staff costs (including directors' emoluments)

	Three months ended 30th June		Six months ended 30th June	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Staff commission	27,446	16,015	47,092	31,515
Wages and salaries	13,096	6,282	20,303	14,722
Staff welfare	427	276	718	419
Recruitment costs	129	76	130	77
Unutilised annual leave	-	-	-	(4)
Pension costs – contributions to defined contribution plans	286	272	553	540
Forfeiture of pension contributions	(9)	(101)	(9)	(180)
Recognition of equity-settled share based payment	250	-	501	405
	<u>41,625</u>	<u>22,820</u>	<u>69,288</u>	<u>47,494</u>

4. Profit before taxation

Profit before taxation is stated after crediting and charging the following:

	Three months ended 30th June		Six months ended 30th June	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Auditor's remuneration	204	223	572	447
Loss on disposal of property, plant and equipment	-	-	1	-
Operating leases in respect of land and buildings	1,242	1,199	2,325	2,058
Net exchange gain	(163)	(15)	(222)	(31)
Impairment allowance on accounts receivable	-	527	-	1,762
	<u>-</u>	<u>527</u>	<u>-</u>	<u>1,762</u>

5. Finance costs

	Three months ended 30th June		Six months ended 30th June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interests on bank loans and overdrafts wholly repayable within five years	10,060	4,998	14,198	9,794
Interests on loans from ultimate holding company	3,543	3,340	6,911	6,298
	13,603	8,338	21,109	16,092

6. Taxation charge

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profit for the three months and six months ended 30th June 2007. The amount of taxation charged to the consolidated income statement represents:

	Three months ended 30th June		Six months ended 30th June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current taxation				
– Hong Kong Profits Tax	2,697	–	3,119	–
Deferred taxation	–	–	1,681	–
	2,697	–	4,800	–

As at 30th June 2007, the Group had estimated unused tax losses of HK\$122,912,000 (30th June 2006: HK\$142,741,000) to carry forward against future taxation income. A deferred tax assets has been recognised in the consolidated financial statements in respect of HK\$6,285,000 (30th June 2006: HK\$8,546,000) to the extent that realisation of the related tax benefit through future taxable profits is probable. These estimated tax losses have no expiry date but are subject to the approval of the Hong Kong Inland Revenue Department.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Three months ended 30th June		Six months ended 30th June	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Earnings				
Earnings for the purposes of basic and diluted earnings per share	<u>7,050</u>	<u>5,602</u>	<u>14,517</u>	<u>15,410</u>
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>253,860</u>	252,368	<u>253,831</u>	251,071
Effect of dilutive potential ordinary shares:				
Share options	<u>6,932</u>	<u>7,457</u>	<u>6,060</u>	<u>5,852</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>260,792</u>	<u>259,825</u>	<u>259,891</u>	<u>256,923</u>

8. Property, plant and equipment

	As at 30th June 2007 HK\$'000	As at 31st December 2006 HK\$'000
Carrying value, beginning of period/year	2,463	1,841
Additions	1,317	2,061
Disposals	(1)	-
Depreciation	(749)	(1,440)
Exchange difference	-	1
Carrying value, end of period/year	<u>3,030</u>	<u>2,463</u>

9. Accounts receivable

	As at 30th June 2007 HK\$'000	As at 31st December 2006 HK\$'000
Accounts receivable arising from the ordinary course of business of dealing in (Note a):		
– Securities transactions		
Clearing houses and brokers	93,656	49,199
Cash clients	263,372	232,231
Margin clients (Note b)	1,446,818	305,511
– Futures and options contracts transactions		
Brokers	–	136
HKFE Clearing Corporation Limited	58	43
Accounts receivable arising from the ordinary course of business of provision of corporate advisory, placing and underwriting services (Note c)	1,030	1,116
	<u>1,804,934</u>	<u>588,236</u>

Notes:

- (a) Credit limit is approved for each client by designated approvers according to the clients' credit worthiness. The settlement terms of accounts receivable arising from the ordinary course of business of dealing in securities transactions are usually two trading days after the trade date. The settlement terms of accounts receivable arising from the ordinary course of business of dealing in futures and options contracts transactions are generally due on demand. Loans to margin clients are secured by clients' pledged securities, repayable on demand and bear interest at commercial rates. The decision for rate changes is on management's discretion subject to notification to clients. Securities are assigned with specific margin ratios for calculating their margin values. Loans granted to securities margin clients are further subject to the discounted value of securities deposited with reference to these specific margin ratios. Additional funds or collateral are required if the loan outstanding exceeds the eligible margin value of securities deposited. As at 30th June 2007, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK\$5,843,617,000 (31st December 2006: HK\$2,435,797,000). No aging analysis on margin clients' receivables is disclosed as, in the opinion of the Directors, an aging analysis is not meaningful in view of the nature of the business of securities margin financing. Except for the loans to margin clients, all accounts receivable arising from the business of dealing in securities transactions are aged as follows:

	As at 30th June 2007 HK\$'000	As at 31st December 2006 HK\$'000
Within 30 days	335,587	270,365
31-90 days	13,264	6,853
Over 90 days	8,177	4,212
	<u>357,028</u>	<u>281,430</u>

- (b) The accounts receivable from margin clients included the advances in relation to IPO financing of approximately HK\$1,147,674,000 as at 30th June 2007 (31st December 2006: Nil). All such advances were repaid by 9th July 2007.
- (c) The accounts receivable arising from the ordinary course of business of provision of corporate advisory, placing and underwriting services are due immediately from date of billing but the Group will generally grant a normal credit period of 30 days on average to its customers. The aging analysis of these receivables is as follows:

	As at 30th June 2007 HK\$'000	As at 31st December 2006 HK\$'000
Within 30 days	805	741
31-90 days	-	90
Over 90 days	225	285
	<u>1,030</u>	<u>1,116</u>

10. Accounts payable

	As at 30th June 2007 HK\$'000	As at 31st December 2006 HK\$'000
Accounts payable arising from the ordinary course of business of dealing in securities transactions (<i>Note a</i>):		
Cash clients (<i>Note b</i>)	109,672	150,489
Margin clients	3,346	6,771
	<u>113,018</u>	<u>157,260</u>

Notes:

- (a) The settlement terms of accounts payable arising from the ordinary course of business of dealing in securities transactions are usually two trading days after trade date. These accounts payable are repayable on demand. Therefore, no aging analysis is disclosed as, in the opinion of Directors, an aging analysis is not meaningful in view of all these accounts payable are promptly settled two trading days after trade date.
- (b) Included in accounts payable to cash clients was approximately HK\$33,785,000 as at 30th June 2007 (31st December 2006: HK\$7,442,000) due to companies with common directors and HK\$155,000 (31st December 2006: HK\$345,000) due to key management personnel, directors and close member of director, in respect of transactions in securities undertaken for their accounts.

11. Share capital

	Authorised Ordinary shares of HK\$0.10 each	
	No. of shares	Amount <i>HK\$'000</i>
At 31st December 2006 and 30th June 2007	<u>10,000,000,000</u>	<u>1,000,000</u>
	Issued and fully paid Ordinary shares of HK\$0.10 each	
	No. of shares	Amount <i>HK\$'000</i>
At 1st January 2007	253,740,179	25,374
Exercise of share options	<u>120,000</u>	<u>12</u>
At 30th June 2007	<u>253,860,179</u>	<u>25,386</u>

12. Post Balance Sheet event

Placing of Existing Shares and Top-up Subscription of New Shares

On 10th July 2007, the Company placed and issued 50,680,000 shares at a price of HK\$2.20 per share of HK\$0.1 each. The shares represented approximately 19.96% of the Company's existing issued share capital of 253,860,179 shares and approximately 16.64% of its capital of 304,540,179 shares as enlarged by the top-up subscription. The net proceeds of about HK\$109.5 million from the top-up subscription will be utilised as general working capital of the Group or applied to the possible acquisition of The Macau Chinese Bank Limited.

13. Capital commitments

As at 30th June 2007, the Group did not have any material commitments contracted but not provided for in respect of purchase of property, plant and equipment (31st December 2006: Nil).

14. Related parties transactions

During the six months ended 30th June 2007, the Group entered into the following transactions:

	Three months ended 30th June		Six months ended 30th June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental paid to fellow subsidiaries	-	24	-	50
Technical, network and other service fees charged from fellow subsidiaries	718	815	1,358	1,645
Purchases of computer hardware and software from fellow subsidiaries	-	454	-	621
Brokerage commission income/interest income earned from certain directors of the Group or their relatives	44	55	86	120
Brokerage commission income/interest income earned from a company with a common director	1,166	453	2,043	1,097
Interest expenses charged on loans from ultimate holding company	3,543	3,340	6,911	6,298
Management fee paid to a fellow subsidiary	-	900	-	1,800
Financial advisory fees charged to ultimate holding company	150	300	190	360

The balance with related parties are set out on the consolidated balance sheet and in the respective notes.

INTERIM DIVIDEND

No dividend was paid or declared by the Company for the six months ended 30th June 2007 (six months ended 30th June 2006: Nil).

ADVANCES TO ENTITIES – DISCLOSURE PURSUANT TO RULES 17.15 TO 17.17 OF THE GEM LISTING RULES

VC Brokerage Limited (“VC Brokerage”), a wholly owned subsidiary of the Company, had made advances to various entities primarily to subscribe for shares in companies under an initial public offer, and/or to trade listed securities on the Stock Exchange by way of securities margin financing, which were all in the ordinary and usual course of business of the company. Details of such advances as at 30th June 2007 are disclosed below:

Client	Approximate amount of accounts receivable as at 30th June 2007 (HK\$)	% of the then latest published total assets of the Company as at 31st December 2006	% of advance to the then latest published net assets value of the Company as at 31st December 2006	Collateral market value (excluding IPO stock) as at the date of advance (HK\$)	IPO stock concerned and number of times of over-subscription
Entity A	192.5 million				China High Speed Transmission Equipment Group Co., Limited (692 times)
	144.0 million				ANTA Sports Products Limited (183 times)
	<hr/> 336.5 million	48.4%	173.9%	3.0 million	
Entity AT	89.2 million				China High Speed Transmission Equipment Group Co., Limited (692 times)
	38.7 million				ANTA Sports Products Limited (183 times)
	<hr/> 127.9 million	18.4%	66.1%	2.5 million	

Notes:

All the above entities are independent of and not connected with the Company, its directors, chief executive and substantial shareholders and any of their respective associates (as defined in the GEM Listing Rules). Entity A has previously been disclosed in the Company’s announcement dated 5th January 2007 and the repayment term was on demand. The advances were secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage and were made at an interest rate of not more than 12.75%.

Entity AT has previously been disclosed in the Company's announcement dated 30th May 2007 and the repayment term was on demand. The advances were secured by the relevant securities to be listed under the relevant IPO, when allotted, and/or listed securities in the custody of VC Brokerage and were made at an interest rate of not more than 10.75%. The interest rates disclosed represent the interest rates in respect of margin financing advances (if any) made to Entities A and AT, and the interest rates in respect of IPO advances are significantly lower than the aforementioned rates. The financing period to Entities A and AT in relation to the IPO of China High Speed Transmission Equipment Group Co., Limited was 8 days and for ANTA Sports Products Limited was 10 days from the closing date of the relevant IPO.

Entity A is an entity comprising two high-net-worth individuals and has been a client of VC Brokerage for more than three years. Entity AT has been a client of VC Brokerage for less than one year. All these entities have never defaulted in repayment of any advances made by VC Brokerage.

In respect of the advances made to Entity AT, the Company had applied for and the Stock Exchange had granted waivers from strict compliance of Rules 17.17(3) and (4) on the disclosure of the identities of the entity and the actual interest rates in relation to the advances made.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Group was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 30th June 2007 or at any time during such period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th June 2007, the relevant interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in shares of the Company (the "Shares")

Name of Directors	Nature of interests	Notes	Number of Shares interested	Approximate percentage of Shares interested (Note 1)
Dr. Ho Hung Sun, Stanley	Corporate	(2)	7,384,651	2.91%
Mr. Ho, Lawrence Yau Lung	Corporate	(3)	165,163,008	65.06%
	Personal	(5)	491,057	0.19%
Dr. Lee Jun Sing	Corporate	(4)	6,299,702	2.48%
	Personal	(5)	491,057	0.19%
Mr. Patrick Sun	Personal	(5)	2,400,000	0.95%

Notes:

- As at 30th June 2007, the total number of issued shares of the Company was 253,860,179.
- Dr. Ho Hung Sun, Stanley is taken to be interested in 7,384,651 Shares as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 2.91% of the issued share capital of the Company.
- Mr. Ho, Lawrence Yau Lung is taken to be interested in (i) 160,930,381 Shares as a result of him being beneficially interest in approximately 33.49% of the issued share capital of Melco International Development Limited which in turn holds approximately 63.39% of the issued share capital of the Company; and (ii) 4,232,627 Shares as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 1.67% of the issued share capital of the Company.

4. Dr. Lee Jun Sing is taken to be interested in 6,299,702 Shares as a result of him being beneficially interested in the entire issued share capital of Best Summit International Limited which in turn holds approximately 2.48% of the issued share capital of the Company.
5. The personal interests of the relevant Directors represent their respective derivative interests in the Company comprising the share options as more particularly mentioned in sub-section headed "Derivative interests in the Company" below.

(ii) Derivative interests in the Company

Pursuant to the share option scheme adopted by the Company on 29th November 2001 (the "Share Option Scheme") as described in the section headed "Details of outstanding options granted" below, as at 30th June 2007, the Directors have options granted by the Company to subscribe Shares in the Company as follows:

Name of Directors	Date of grant	Exercise price per Share HK\$	Number of underlying Shares comprised in the options		Granted during the period	Exercised during the period	Number of underlying Shares comprised in the options		Expiry date
			Exercise price	as at 1st January 2007			Lapsed/ cancelled during the period	outstanding as at 30th June 2007	
Mr. Ho, Lawrence Yau Lung	9th July 2002 (Note)	1.0	491,057	-	-	-	491,057	8th July 2012	
Dr. Lee Jun Sing	9th July 2002 (Note)	1.0	491,057	-	-	-	491,057	8th July 2012	
Mr. Patrick Sun	27th December 2006 (Note)	1.292	2,400,000	-	-	-	2,400,000	26th December 2016	

Note:

The grant of options on 9th July 2002 and 27th December 2006 pursuant to the Share Option Scheme had been reviewed and approved by the then Independent Non-executive Directors.

During the period, none of the Directors has exercised their options.

(iii) Interests in shares and equity derivatives of Melco International Development Limited (“Melco”)

Name of Directors	Nature of interests	Number of shares of Melco interested	Number of underlying shares of Melco interested	Approximate percentage of shares of Melco interested <i>(Note 1)</i>
Dr. Ho Hung Sun, Stanley	Corporate	3,127,107 <i>(Note 2)</i>	117,912,694 <i>(Note 4)</i>	9.86%
	Personal	18,587,789 <i>(Note 2)</i>	–	1.51%
Mr. Ho, Lawrence Yau Lung	Corporate	404,041,630 <i>(Note 3)</i>	117,912,694 <i>(Note 4)</i>	42.50%
	Personal	7,232,612 <i>(Note 3)</i>	–	0.59%

Notes:

- As at 30th June 2007, the total number of issued shares of Melco was 1,228,175,716.
- Dr. Ho Hung Sun, Stanley is taken to be interested in 3,127,107 shares of Melco as a result of him being beneficially interested in the entire share capital of Lanceford Company Limited which in turn hold approximately 0.25% of the issued share capital of Melco. Apart from that, Dr. Ho Hung Sun, Stanley personally holds 18,587,789 shares of Melco.
- 115,509,024 shares of Melco are held by Lasting Legend Ltd., representing approximately 9.40% of the issued share capital of Melco and 288,532,606 shares of Melco are held by Better Joy Overseas Ltd., representing approximately 23.49% of the issued share capital of Melco. Lasting Legend Ltd. and Better Joy Overseas Ltd. are owned by persons and trusts associated with Mr. Ho, Lawrence Yau Lung. Apart from that, Mr. Ho, Lawrence Yau Lung personally holds 7,232,612 shares of Melco.
- Pursuant to an agreement dated 11th May 2005 entered into between Great Respect Limited, Melco PBL Entertainment (Great China) Limited and Melco, convertible loan notes of Melco in the total principal amount of HK\$1,175,000,000 were issued to Great Respect Limited on 5th September 2005 on the terms set out in the agreement. Upon exercise in full of such convertible loan notes, a total of 117,912,694 shares will be issued by Melco. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries include Dr. Ho Hung Sun, Stanley, Mr. Ho, Lawrence Yau Lung and Madam Lucina Laam King Ying. SG Trust (Asia) Ltd. is the trustee of the aforesaid discretionary family trust.

Save as disclosed above, as at 30th June 2007, none of the Directors or Chief Executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2007, so far as is known to the Directors, the following persons (other than a Director or Chief Executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	<i>Notes</i>	Capacity	Number of Shares held	Approximate shareholding percentage
Melco Financial Group Limited	(1)	Beneficial owner	160,930,381	63.39%
Melco International Development Limited	(2)	Held by controlled corporation	160,930,381	63.39%
Ms. Sharen Lo	(3)	Family	165,654,065	65.25%

Notes:

- Melco Financial Group Limited is a wholly-owned subsidiary of Melco.
- Melco is taken to be interested in 160,930,381 Shares as a result of Melco being beneficially interested in the entire issued share capital of Melco Financial Group Limited.
- Ms. Sharen Lo is the spouse of Mr. Ho, Lawrence Yau Lung and is deemed to be interested in Shares in which Mr. Ho, Lawrence Yau Lung is interested in under the SFO.

Save as disclosed above, as at 30th June 2007, so far as is known to the Directors, there is no other person who had an interest or a short position in the shares and underlying shares (including interests in options, if any) of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DETAILS OF OUTSTANDING OPTIONS GRANTED

Share option scheme

As at 30th June 2007, options to subscribe for an aggregate of (1) 2,127,342, (2) 7,503,065, (3) 654,934 and (4) 2,400,000 underlying Shares granted on (1) 9th July 2002, (2) 25th March 2004, (3) 15th March 2006 and (4) 27th December 2006 (the "Share Options") pursuant to the Share Option Scheme at an exercise price of (1) HK\$1.0 per Share, (2) HK\$0.64 per Share, (3) HK\$1.18 per Share and (4) HK\$1.292 per Share respectively were outstanding. The following are details of the outstanding Share Options as at 30th June 2007:

Categories of grantees	Date of grant	Exercise price per Share HK\$	Number of underlying Shares comprised in the options outstanding as at 1st January 2007	Granted during the period	Exercised during the period	Lapsed during the period	Number of underlying Shares comprised in the options outstanding as at 30th June 2007	Share options duration
Directors ¹	9th July 2002	1.0	982,114	-	-	-	982,114	9th July 2002 to 8th July 2012
Directors ³	27th December 2006	1.292	2,400,000	-	-	-	2,400,000	27th December 2006 to 26th December 2016
Employees ¹	9th July 2002	1.0	24,942	-	-	-	24,942	9th July 2002 to 8th July 2012
Employees ¹	25th March 2004	0.64	5,723,065	-	-	-	5,723,065	25th March 2004 to 24th March 2014
Employees ²	15th March 2006	1.18	654,934	-	-	-	654,934	15th March 2006 to 14 March 2016
Other eligible persons ¹	9th July 2002	1.00	1,130,107	-	-	(9,821)	1,120,286	9th July 2002 to 8th July 2012
Other eligible persons ¹	25th March 2004	0.64	1,900,000	-	(120,000)	-	1,780,000	25th March 2004 to 24th March 2014
Total			<u>12,815,162</u>	<u>-</u>	<u>(120,000)</u>	<u>(9,821)</u>	<u>12,685,341</u>	

Notes:

- Commencing from the date of grant up to the date falling six months thereafter, up to 50% of the shares comprised in the options can be exercised. Commencing during the period immediately after the expiry of first six months from the date of grant and ending 10 years after the date grant, all shares comprised in the options which were not previously exercised can be exercised.
- Commencing from the date of grant and ending 10 years after the date of grant, all shares comprised in the options can be exercised.
- Commencing from 27th December 2007 to 26th December 2016, up to 800,000 shares comprised in the options can be exercised. Commencing from 27th December 2008 to 26th December 2016, up to 1,600,000 shares comprised in the options which were not previously exercised can be exercised. Commencing from 27th December 2009 to 26th December 2016, all shares comprised in the options which were not previously exercised can be exercised.

Details of the grant of Share Options to the Directors are disclosed in the sub-section headed “Derivative interests in the Company” under the section of “Directors’ and Chief Executive’s interests in the Company and its Associated Corporations” above.

During the six months ended 30th June 2007, certain Share Options to subscribe for a total of 9,821 underlying Shares granted to one employee lapsed as the relevant employee failed to exercise the same within 3 months after the relevant employee ceased to be the employee of the Group. In respect of the Share Options exercised during the period, the weighted average closing price of the shares of the Company immediately before the date on which the Share Options were exercised was HK\$1.18. During the six months ended 30th June 2007, no Share Options were cancelled under the Share Option Scheme.

A summary of the major terms of the Share Option Scheme is set out at pages 76-85 of the circular of the Company dated 12th November 2001.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of the Directors, all Directors have complied with the required standard of dealings and code of conduct regarding securities transactions by directors as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules for the six months ended 30th June 2007.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to building and maintaining high standards of corporate governance. The Company has applied the principles and complied with all the requirements set out in the Code on Corporate Governance Practices the (the “HKSE Code”) contained in Appendix 15 of the GEM Listing Rules, with two deviations mentioned below, during the six months ended 30th June 2007.

Code provision A.4.1 of the HKSE Code provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from this provision in that all Non-executive Directors are not appointed for specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors’ service are appropriate given that directors ought to be committed to representing the long term interests of the Company’s shareholders and the retirement and re-election requirements of Non-executive Directors have given the Company’s shareholders the right to approve continuation of Non-executive Directors’ offices.

Code provision E.1.2 of the HKSE Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Dr. Ho Hung Sun, Stanley, Non-executive Chairman of the Board, was unable to attend the annual general meeting of the Company held on 19th April 2007 (the “AGM”) as he had another business engagement. Mr. Patrick Sun, an Executive Director and Chief Executive Officer of the Group, was elected in accordance with the Articles of Association of the Company to act as the chairman of the AGM and answered questions raised by the shareholders at the AGM.

On 3rd August 2005, the Company set up the following board committees and adopted its own code on corporate governance to ensure maintenance of a high corporate governance standard:-

- a. Executive Committee;
- b. Audit Committee (terms of reference of the audit committee adopted on 12th May 2004 were superseded by the new terms of reference adopted on 3rd August 2005);
- c. Remuneration Committee;
- d. Nomination Committee;
- e. Finance Committee; and
- f. Regulatory Compliance Committee.

Terms of reference of all the aforesaid committees have been posted on the Company's website, as have (1) division of responsibilities between the Company's Chairman and President and Vice Chairman and (2) duties and powers delegated to the Company's President and Vice Chairman and matters reserved for decision of the board.

AUDIT COMMITTEE

The Company's audit committee was formed on 14th March 2001 and is currently composed of a Non-executive Director and three Independent Non-executive Directors of the Company, namely Dr. Tyen Kanhee, Anthony (Chairman), Attorney Patajo-Kapunan, Lorna, Mr. Sham Sui Leung, Daniel and Mrs. Chu Ho Miu Hing. The terms of reference of the audit committee have been established with regard to Rule 5.29 of the GEM Listing Rules.

The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and quarterly reports and to provide advice and comments thereon to the Board; and (ii) review and supervise the financial reporting process and internal control procedures of the Group.

The audit committee has reviewed the unaudited results of the Group for the six months ended 30th June 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed shares during six months ended 30th June 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th June 2007.

COMPETING INTERESTS

Dr. Ho Hung Sun, Stanley, the Chairman and a Non-executive Director of the Company, is also the chairman and a director of Seng Heng Bank Limited in Macau ("Seng Heng Bank"). As part of the business of Seng Heng Bank consists of securities brokerage and financial advisory services, the Directors believe that there is a potential risk that such part of business of Seng Heng Bank may compete with the investment banking business to be developed by the Group in Macau.

Save as disclosed above, as at 30th June 2007, none of the Directors, the substantial shareholders or the management shareholders of the Company or their respective associates had any business or interest in a business which competes or may compete with the business of the Group.

As at the date of this report, the Board comprises two Executive Directors, namely, Mr. Ho, Lawrence Yau Lung (President and Vice Chairman) and Mr. Patrick Sun (Chief Executive Officer); three Non-executive Directors, namely, Dr. Ho Hung Sun, Stanley (Chairman), Dr. Lee Jun Sing and Attorney Patajo-Kapunan, Lorna; and three Independent Non-executive Directors, namely, Mr. Sham Sui Leung, Daniel, Dr. Tyen Kanhee, Anthony and Mrs. Chu Ho Miu Hing.