

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. General information

First Shanghai Investments Limited (the "Company") and its subsidiaries, associated companies and jointly controlled entities (hereby collectively referred to as the "Group") are principally engaged in securities trading and investment, corporate finance and stockbroking, container transportation and freight forwarding services, hotel operation, sales of motor vehicles meters and components, investment holding, property holding and management and sales of child products.

The Company is a limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong.

### 2. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th June 2006 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This unaudited condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31st December 2005.

### 3. Accounting policies

The accounting policies adopted are consistent with those as described in the annual financial statements for the year ended 31st December 2005 with the additions of the following new amendments to standards and interpretations which are mandatory for financial year ending 31st December 2006. The adoption of such amendments to standards or interpretations does not result in substantial changes to the Group's accounting policies and has no significant effect on the interim results reported.

- Amendment to HKAS 39, Amendment "The fair value option";
- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial guarantee contracts"; and
- HK(IFRIC)-Int 4, "Determining whether an arrangement contains a lease".

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31st December 2006 which are not relevant to the Group:

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures";
- Amendment to HKAS 21, Amendment "Net investment in a foreign operation";
- Amendment to HKAS 39, Amendment "Cash flow hedge accounting of forecast intra-group transactions";
- HKFRS 6, "Exploration for and evaluation of mineral resources";
- HK(IFRIC)-Int 5, "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds"; and
- HK(IFRIC)-Int 6, "Liabilities arising from participating in a specific market – waste electrical and electronic equipment".

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 3. Accounting policies *(Continued)*

The following new standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- HK(IFRIC)-Int 7, "Applying the Restatement Approach under HKFRS 29", effective for annual periods beginning on or after 1st March 2006. Management do not expect the interpretation to be relevant for the Group;
- HK(IFRIC)-Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1st May 2006. Management is currently assessing the impact of HK(IFRIC)-Int 8 on the Group's operations;
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1st June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9; and
- HKFRS 7, "Financial instruments: Disclosures" and HKAS 1, "Amendments to capital disclosures", both effective for annual periods beginning on or after 1st January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1st January 2007.

Certain comparative figures have been reclassified to conform with the current year's presentation. The changes relate to a more meaningful classification among other gains - net, selling and distribution costs and administrative expenses.

### 4. Segment information

The Group has determined the business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment assets consist primarily of intangible assets, property, plant and equipment, investment properties, leasehold land and land use rights, inventories, financial assets and operating cash. Segment liabilities comprise operating liabilities and borrowings but exclude taxation and deferred taxation. Capital expenditure comprises additions to property, plant and equipment, investment properties and leasehold land and land use rights.

#### *Primary reporting format - business segments*

The Group is organised into seven main business segments:

- Securities trading and investment
- Corporate finance and stockbroking
- Container transportation and freight forwarding services
- Hotel operation
- Sales of motor vehicles meters and components
- Investment holding, property holding and management
- Sales of child products

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 4. Segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The unaudited segment results and capital expenditure of the Group for the six months ended 30th June 2006 are as follows:

|  | Securities<br>trading and<br>investment<br>HK\$'000 | Corporate<br>finance and<br>stockbroking<br>HK\$'000 | Container<br>transportation<br>and freight<br>forwarding<br>services<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Sales of<br>motor vehicles<br>meters and<br>components<br>HK\$'000 | Investment<br>holding,<br>property<br>holding and<br>management<br>HK\$'000 | Sales of<br>child<br>products<br>HK\$'000 | Group<br>HK\$'000 |
|--|---|--|--|--------------------------------|--|---|---|-------------------|
| Sales  | 181,772   | 49,257   | 571,286  | 34,739                         | 17,442   | 17,541  | -   | 872,037           |
| Segment results  | 15,140  | 11,476   | (3,876)  | 1,670                          | (962)  | 76,502  | -   | 99,950            |
| Finance costs  |   |  |  |                                |  |   |   | (9,472)           |
| Share of profits<br>less losses of                                 |   |  |  |                                |  |   |   |                   |
| - Associated<br>companies  | -   | -  | -  | -                              | 1,089  | (19,040)  | -   | (17,951)          |
| - Jointly controlled<br>entities                                   | -   | -  | -  | -                              | -  | 9,327   | 81  | 9,408             |
| Profit before taxation   |   |  |  |                                |  |   |   | 81,935            |
| Taxation   |   |  |  |                                |  |   |   | (1,526)           |
| Profit for the period<br>from continuing<br>operations             |   |  |  |                                |  |   |   | 80,409            |
| Profit for the period<br>from discontinued<br>operations (note 15) | -   | -  | -  | -                              | -  | -   | 5,735                                     | 5,735             |
| Profit for the period  |   |  |  |                                |  |   |   | 86,144            |
| Other information  |   |  |  |                                |  |   |   |                   |
| Capital expenditure  | 291   | 430  | 1,412  | 22,305                         | 45   | 18,172  | -   | 42,655            |
| Depreciation   | 237   | 625  | 5,097  | 6,215                          | 270  | 7,248   | -   | 19,692            |
| Amortisation of<br>leasehold land and<br>land use rights           | -   | -  | 306  | 233                            | 1  | 83  | -   | 623               |

Note: There are no sales or other transactions among the business segments.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 4. Segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The unaudited segment results and capital expenditure of the Group for the six months ended 30th June 2005 are as follows:

|  | Securities<br>trading and<br>investment<br>HK\$'000 | Corporate<br>finance and<br>stockbroking<br>HK\$'000 | Container<br>transportation<br>and freight<br>forwarding<br>services<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Sales of<br>motor vehicles<br>and<br>components<br>HK\$'000 | Investment<br>holding,<br>property<br>holding and<br>management<br>HK\$'000 | Sales of<br>child<br>products<br>HK\$'000 | Group<br>HK\$'000 |
|--|---|--|--|--------------------------------|---|---|---|-------------------|
| Sales  | 38,111  | 36,691   | 259,545  | -                              | 16,758  | 11,312  | -   | 362,417           |
| Segment results  | 4,473   | 11,104   | (1,168)  | -                              | (1,399)   | (11,857)  | -   | 1,153             |
| Finance costs  |   |  |  |                                |   |   |   | (2,111)           |
| Share of profits   |   |  |  |                                |   |   |   |                   |
| less losses of   |   |  |  |                                |   |   |   |                   |
| - Associated companies                                       | -   | -  | -  | -                              | (2,393)   | (6,585)   | 1,998                                     | (6,980)           |
| - Jointly controlled entities                                | -   | -  | -  | -                              | -   | 157   | 498                                       | 655               |
| Loss before taxation   |   |  |  |                                |   |   |   | (7,283)           |
| Taxation   |   |  |  |                                |   |   |   | (2,103)           |
| Loss for the period from continuing operations               |   |  |  |                                |   |   |   | (9,386)           |
| Profit for the period from discontinued operations (note 15) | -   | -  | -  | -                              | -   | -   | 25,042                                    | 25,042            |
| Profit for the period  |   |  |  |                                |   |   |   | 15,656            |
| Other information  |   |  |  |                                |   |   |   |                   |
| Capital expenditure  | 173   | 121  | 11,578   | -                              | 117   | 55,749  | -   | 67,738            |
| Depreciation   | 155   | 772  | 3,023  | -                              | 245   | 1,944   | -   | 6,139             |
| Amortisation of leasehold land and land use rights           | -   | -  | 302  | -                              | 1   | 86  | -   | 389               |

Note: There are no sales or other transactions among the business segments.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 4. Segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The unaudited segment assets and liabilities of the Group as at 30th June 2006 are as follows:

|   | Securities<br>trading and<br>investment | Corporate<br>finance and<br>stockbroking | Container<br>transportation<br>and freight<br>forwarding<br>services | Hotel<br>operation | Sales of<br>motor vehicles<br>meters and<br>components | Investment<br>holding,<br>property<br>holding and<br>management | Sales of<br>child<br>products | Group            |
|---|---|--|--|--------------------|--|---|-------------------------------|------------------|
|   | HK\$'000                                | HK\$'000                                 | HK\$'000   | HK\$'000           | HK\$'000   | HK\$'000  | HK\$'000                      | HK\$'000         |
| Segment assets  | 132,588                                 | 338,929                                  | 356,825  | 236,861            | 36,800   | 518,653   | -                             | 1,620,656        |
| Investments in<br>associated<br>companies                 | -                                       | -  | -  | -                  | 11,430   | 254,259   | -                             | 265,689          |
| Investments in jointly<br>controlled entities             | -                                       | -  | -  | -                  | -  | 46,175  | 21,603                        | 67,778           |
| Assets classified<br>as held for sale<br><i>(note 15)</i> | -                                       | -  | -  | -                  | -  | 79,935  | -                             | 79,935           |
| Tax recoverable   |   |  |  |                    |  |   |                               | 2,737            |
| Deferred tax assets                                       |   |  |  |                    |  |   |                               | 1,313            |
| <b>Total assets</b>                                       |   |  |  |                    |  |   |                               | <b>2,038,108</b> |
| Segment liabilities                                       | 7,955                                   | 111,363                                  | 162,745  | 161,230            | 29,948   | 54,680  | -                             | 527,921          |
| Taxation payable  |   |  |  |                    |  |   |                               | 1,306            |
| Deferred tax liabilities                                  |   |  |  |                    |  |   |                               | 445              |
| <b>Total liabilities</b>                                  |   |  |  |                    |  |   |                               | <b>529,672</b>   |

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 4. Segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The audited segment assets and liabilities of the Group as at 31st December 2005 are as follows:

|  | Securities<br>trading and<br>Investment<br>HK\$'000 | Corporate<br>finance and<br>stockbroking<br>HK\$'000 | Container<br>transportation<br>and freight<br>forwarding<br>services<br>HK\$'000 | Hotel<br>operation<br>HK\$'000 | Sales of<br>motor vehicles<br>meters and<br>components<br>HK\$'000 | Investment<br>holding,<br>property<br>holding and<br>management<br>HK\$'000 | Sales of<br>child<br>products<br>HK\$'000 | Group<br>HK\$'000 |
|--|---|--|--|--------------------------------|--|---|---|-------------------|
| Segment assets   | 53,295  | 317,742  | 319,233  | 151,185                        | 29,929   | 287,384   | -   | 1,158,768         |
| Investments in<br>associated<br>companies  | -   | -  | -  | -                              | 10,201   | 266,059   | -   | 276,260           |
| Investments in<br>jointly controlled<br>entities   | -   | -  | -  | -                              | -  | 50,956  | 21,253                                    | 72,209            |
| Assets classified as<br>held for sale<br><i>(note 15)</i>  | -   | -  | -  | -                              | -  | 68,357  | 344,010                                   | 412,367           |
| Tax recoverable  |   |  |  |                                |  |   |   | 4,003             |
| Deferred tax assets  |   |  |  |                                |  |   |   | 603               |
| <b>Total assets</b>  |   |  |  |                                |  |   |   | <b>1,924,210</b>  |
| Segment liabilities  | 1,960   | 28,426   | 224,280  | 125,850                        | 22,153   | 94,129  | -   | 496,798           |
| Liabilities directly<br>associated with<br>assets classified as<br>held for sale<br><i>(note 15)</i> | -   | -  | -  | -                              | -  | 11,989  | -   | 11,989            |
| Taxation payable   |   |  |  |                                |  |   |   | 1,447             |
| Deferred tax liabilities   |   |  |  |                                |  |   |   | 516               |
| <b>Total liabilities</b>   |   |  |  |                                |  |   |   | <b>510,750</b>    |

Secondary reporting format – geographical segments

The Group operates in two main geographical areas:

- Hong Kong – securities trading and investment, corporate finance and stockbroking, investment holding, property holding and management
- Chinese Mainland – container transportation and freight forwarding services, hotel operation, sales of motor vehicles meters and components and sales of child products

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 4. Segment information *(Continued)*

*Secondary reporting format – geographical segments (Continued)*

Sales are allocated based on the country in which the customers are located. Total assets and capital expenditure are allocated based on where the assets are located.

|   | Unaudited                  |               |                  |                                 |
|---|----------------------------|---------------|------------------|---------------------------------|
|   | Segment results            |               | Total assets     | Capital expenditure             |
|   | Six months ended 30th June |               | As at 30th June  | Six months ended 30th June 2006 |
|   | 2006                       | 2006          | 2006             | June 2006                       |
|   | HK\$'000                   | HK\$'000      | HK\$'000         | HK\$'000                        |
| Hong Kong   | 233,778                    | 109,806       | 849,734          | 448                             |
| Chinese Mainland                                    | 638,134                    | (5,308)       | 744,120          | 41,922                          |
| Others  | 125                        | (4,548)       | 26,802           | 285                             |
|   | <b>872,037</b>             | <b>99,950</b> | <b>1,620,656</b> | <b>42,655</b>                   |
| Investments in associated companies                 |                            |               | 265,689          |                                 |
| Investments in jointly controlled entities          |                            |               | 67,778           |                                 |
| Assets classified as held for sale <i>(note 15)</i> |                            |               | 79,935           |                                 |
| Tax recoverable                                     |                            |               | 2,737            |                                 |
| Deferred tax assets                                 |                            |               | 1,313            |                                 |
| <b>Total assets</b>                                 |                            |               | <b>2,038,108</b> |                                 |

  

|   | Unaudited                  |              | Audited             | Unaudited                       |
|---|----------------------------|--------------|---------------------|---------------------------------|
|   | Segment results            |              | Total assets        | Capital expenditure             |
|   | Six months ended 30th June |              | As at 31st December | Six months ended 30th June 2005 |
|   | 2005                       | 2005         | 2005                | June 2005                       |
|   | HK\$'000                   | HK\$'000     | HK\$'000            | HK\$'000                        |
| Hong Kong   | 79,329                     | 11,610       | 610,226             | 1,337                           |
| Chinese Mainland                                    | 282,990                    | (17,641)     | 502,574             | 66,228                          |
| Others  | 98                         | 7,184        | 45,968              | 173                             |
|   | <b>362,417</b>             | <b>1,153</b> | <b>1,158,768</b>    | <b>67,738</b>                   |
| Investments in associated companies                 |                            |              | 276,260             |                                 |
| Investments in jointly controlled entities          |                            |              | 72,209              |                                 |
| Assets classified as held for sale <i>(note 15)</i> |                            |              | 412,367             |                                 |
| Tax recoverable                                     |                            |              | 4,003               |                                 |
| Deferred tax assets                                 |                            |              | 603                 |                                 |
| <b>Total assets</b>                                 |                            |              | <b>1,924,210</b>    |                                 |

*Note:* There are no sales among the geographical segments.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 5. Operating profit

The following items have been credited/charged to the operating profit during the interim period:

|  | Unaudited                  |          |
|--|----------------------------|----------|
|  | Six months ended 30th June |          |
|  | 2006                       | 2005     |
|  | HK\$'000                   | HK\$'000 |
| <b>Crediting:</b>  |                            |          |
| Gain on disposal of subsidiaries   | 3,633                      | -        |
| Gain on disposal of jointly controlled entities                            | 101,702                    | -        |
| Gain on disposal of available-for-sale financial assets                    | -                          | 1,415    |
| Gain on disposal of property, plant and equipment                          | -                          | 51       |
| Fair value gain on financial assets at fair value through income statement | 20,858                     | 17,665   |
| <b>Charging:</b>   |                            |          |
| Depreciation   | 19,692                     | 6,139    |
| Amortisation of leasehold land and land use rights                         | 623                        | 389      |
| Amortisation of intangible assets  | -                          | 540      |
| Staff costs ( <i>note 6</i> )  | 101,535                    | 51,973   |
| Impairment loss on goodwill  | -                          | 13,667   |
| Impairment loss on intangible assets                                       | 400                        | -        |
| Loss on disposal of property, plant and equipment                          | 225                        | -        |
| Fair value loss on financial assets at fair value through income statement | 4,790                      | 3,614    |

### 6. Staff costs

Staff costs, including directors' remuneration, comprise:

|  | Unaudited                  |          |
|--|----------------------------|----------|
|  | Six months ended 30th June |          |
|  | 2006                       | 2005     |
|  | HK\$'000                   | HK\$'000 |
| Wages, salaries and allowance              | 79,722                     | 46,456   |
| Medical and other benefits                 | 5,624                      | 1,915    |
| Pension costs – defined contribution plans | 3,314                      | 3,602    |
| Employees share option benefits            | 12,875                     | -        |
|  | 101,535                    | 51,973   |



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 7. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

|                                     | Unaudited                  |              |
|-------------------------------------|----------------------------|--------------|
|                                     | Six months ended 30th June |              |
|                                     | 2006                       | 2005         |
|                                     | HK\$'000                   | HK\$'000     |
| Hong Kong profits tax               |                            |              |
| – Current                           | 1,257                      | 1,886        |
| – Under-provision in previous years | 58                         | 169          |
| Overseas profits tax                |                            |              |
| – Current                           | 444                        | 142          |
| – Under-provision in previous years | 547                        | –            |
| Deferred taxation                   | (780)                      | (94)         |
| <b>Taxation charge</b>              | <b>1,526</b>               | <b>2,103</b> |

### 8. Dividend

|  | Unaudited                  |          |
|--|----------------------------|----------|
|  | Six months ended 30th June |          |
|  | 2006                       | 2005     |
|  | HK\$'000                   | HK\$'000 |
| Interim dividend, of HK\$0.02 (2005: Nil) per ordinary share | 23,701                     | –        |

At a meeting held on 12th September 2006 the Board declared an interim dividend of HK\$0.02 (2005: Nil) per ordinary share in respect of the results for the six months ended 30th June 2006. The interim dividend is not reflected as a dividend payable in these unaudited interim financial statements.

At a meeting held on 21st April 2006, the Board declared a final dividend of HK\$0.015 (2004: HK\$0.01) per ordinary share for the year ended 31st December 2005. Total amount of approximately HK\$17,758,000 (2005: HK\$11,737,000) was paid in 2006 and has been fully reflected as an appropriation of retained earnings for the six months ended 30th June 2006.

### 9. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of approximately HK\$89,888,000 (2005: HK\$14,936,000). The basic earnings per share is based on the weighted average number of 1,182,511,448 (2005: 1,173,691,705) ordinary shares in issue during the period. The diluted earnings per share is based on 1,206,893,204 (2005: 1,191,673,231) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average of 24,381,756 (2005: 17,981,526) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 10. Capital expenditure

|  | Unaudited    |                |               |                 |
|--|--------------|----------------|---------------|-----------------|
|  | Intangible   | Property,      | Investment    | Leasehold       |
|  | assets       | plant and      | properties    | land and        |
|  | HK\$'000     | equipment      | HK\$'000      | land use rights |
|  | HK\$'000     | HK\$'000       | HK\$'000      | HK\$'000        |
| Net book value at 1st January 2006                                   | 3,893        | 262,203        | 19,260        | 66,377          |
| Additions  | -            | 30,547         | 12,108        | -               |
| Disposals  | -            | (228)          | -             | -               |
| Depreciation and amortisation ( <i>note 5</i> )                      | -            | (19,692)       | -             | (623)           |
| Impairment loss ( <i>note 5</i> )                                    | (400)        | -              | -             | -               |
| Currency translation differences                                     | -            | 2,990          | -             | 302             |
| <b>Net book value at 30th June 2006</b>                              | <b>3,493</b> | <b>275,820</b> | <b>31,368</b> | <b>66,056</b>   |
|  |              |                |               |                 |
|  | Audited      |                |               |                 |
|  | Intangible   | Property,      | Investment    | Leasehold       |
|  | assets       | plant and      | properties    | land and        |
|  | HK\$'000     | equipment      | HK\$'000      | land use rights |
|  | HK\$'000     | HK\$'000       | HK\$'000      | HK\$'000        |
| Net book value at 1st January 2005                                   | 18,641       | 141,259        | 10,950        | 89,177          |
| Additions  | -            | 191,088        | -             | -               |
| Disposals  | -            | (126)          | -             | -               |
| Disposal of a subsidiary   | -            | (53)           | -             | -               |
| Transfer between categories  | -            | (2,350)        | 7,457         | (5,107)         |
| Transfer to assets classified<br>as held for sale ( <i>note 15</i> ) | -            | (51,481)       | -             | (16,876)        |
| Depreciation and amortisation  | (1,096)      | (18,128)       | -             | (1,507)         |
| Impairment loss  | (13,667)     | -              | -             | -               |
| Net increase in fair value of<br>investment properties               | -            | -              | 853           | -               |
| Currency translation differences                                     | 15           | 1,994          | -             | 690             |
| <b>Net book value at 31st December 2005</b>                          | <b>3,893</b> | <b>262,203</b> | <b>19,260</b> | <b>66,377</b>   |

### 11. Loans receivable

The loans receivable represents loans to third parties of approximately HK\$11,295,000 (31st December 2005: HK\$11,154,000) which bear weighted average interest rate at 5% (31st December 2005: 5.6%) per annum, and an interest free loan of approximately HK\$12,362,000 (31st December 2005: HK\$11,873,000) are repayable after one year from 30th June 2006. The carrying value of loans receivable approximate to its fair value. The weighted average effective interest rate at 30th June 2006 was 6.72% (31st December 2005: 7.1%).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 12. Trade receivables

|   | Unaudited<br>30th June<br>2006<br>HK\$'000 | Audited<br>31st December<br>2005<br>HK\$'000 |
|---|--|--|
| Due from stockbrokers and Hong Kong Securities Clearing Company Limited | 66,315                                     | 25,486                                       |
| Trade receivables, net  | 286,752                                    | 291,361                                      |
| Bills receivables   | 146  | 863  |
|   | <b>353,213</b>                             | 317,710                                      |

At 30th June 2006 and 31st December 2005, the ageing analysis of trade receivables is as follows:

|              | Unaudited<br>30th June<br>2006<br>HK\$'000 | Audited<br>31st December<br>2005<br>HK\$'000 |
|--------------|--|--|
| 0 – 30 days  | 220,649                                    | 164,240                                      |
| 31 – 60 days | 74,799                                     | 105,428                                      |
| 61 – 90 days | 35,006                                     | 33,929                                       |
| Over 90 days | 22,759                                     | 14,113                                       |
|              | <b>353,213</b>                             | 317,710                                      |

For securities business, trade receivables shall be due on the settlement day of the respective securities and commodities transactions. For the remaining business of the Group, trade receivables are mainly on credit terms of 30 to 90 days.

### 13. Trade and other payables

|                                 | Unaudited<br>30th June<br>2006<br>HK\$'000 | Audited<br>31st December<br>2005<br>HK\$'000 |
|---------------------------------|--|--|
| Due to stockbrokers and dealers | 10,258                                     | –  |
| Due to stockbroking clients     | 98,394                                     | 53,575                                       |
| Trade payables                  | 148,651                                    | 198,470                                      |
| Other payables and accruals     | 84,505                                     | 79,122                                       |
|                                 | <b>341,808</b>                             | 331,167                                      |

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 13. Trade and other payables *(Continued)*

At 30th June 2006 and 31st December 2005, the ageing analysis of the amount due to stockbrokers, dealers and stockbroking client and trade payables is as follows:

|              | Unaudited<br>30th June<br>2006<br>HK\$'000 | Audited<br>31st December<br>2005<br>HK\$'000 |
|--------------|--|--|
| 0 – 30 days  | 203,172                                    | 162,562                                      |
| 31 – 60 days | 23,579                                     | 64,616                                       |
| 61 – 90 days | 9,984                                      | 8,482  |
| Over 90 days | 20,568                                     | 16,385                                       |
|              | <b>257,303</b>                             | 252,045                                      |

### 14. Share capital

|                                | Unaudited<br>30th June 2006 |                | Audited<br>31st December 2005 |          |
|--------------------------------|-----------------------------|----------------|-------------------------------|----------|
|                                | Number of<br>shares '000    | HK\$'000       | Number of<br>shares '000      | HK\$'000 |
| <i>Authorised:</i>             |                             |                |                               |          |
| Ordinary share of HK\$0.2 each | 2,000,000                   | 400,000        | 2,000,000                     | 400,000  |
| <i>Issued and fully paid:</i>  |                             |                |                               |          |
| At 1st January                 | 1,182,030                   | 236,406        | 1,173,692                     | 234,738  |
| Exercise of share options      | 3,039                       | 608            | 8,338                         | 1,668    |
|                                | <b>1,185,069</b>            | <b>237,014</b> | 1,182,030                     | 236,406  |

During the period, 3,038,640 new shares (2005: 8,338,000) of HK\$0.2 each were issued upon exercise of options under the Employee Share Option Scheme adopted by the Company on 24th May 2002 at exercise price of HK\$0.318 per share. The related weighted average share price at the time of exercise was HK\$0.717 per share. These shares rank pari passu with the existing shares of the Company.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 15. Assets classified as held for sale and discontinued operations

The result of discontinued operations related to investment in Geoby International Holdings Limited ("Geoby") have been presented as held for sale following the approval of the Company's shareholders in December 2005 to sell Geoby. The transaction was completed in January 2006 and the gain has been recognised in the unaudited condensed interim financial statements.

The assets and liabilities related to properties held by Fu Hai Digital Science & Technology (Shanghai) Company Limited ("Fu Hai") have been presented as held for sale following the approval of the Group's management in November 2005. The transaction has been completed in August 2006.

An analysis of the result of discontinued operations, and the results recognised on the re-measurement of assets or disposal group is as follows:

|  | Unaudited                  |                 |
|--|----------------------------|-----------------|
|  | Six months ended 30th June |                 |
|  | 2006                       | 2005            |
|  | HK\$'000                   | HK\$'000        |
| <b>Profit for the period from discontinued operations</b>                      |                            |                 |
| Share of pre-tax profit of jointly controlled entities                         | 5,032                      | 31,268          |
| Share of taxation of jointly controlled entities                               | 703                        | (6,226)         |
| Share of profits less losses of jointly controlled entities                    | 5,735                      | 25,042          |
|  | <b>Unaudited</b>           | Audited         |
|  | <b>30th June</b>           | 31st December   |
|  | <b>2006</b>                | 2005            |
|  | <b>HK\$'000</b>            | <b>HK\$'000</b> |
| <b>Assets classified as held for sale</b>                                      |                            |                 |
| Investments in jointly controlled entities                                     | -                          | 344,010         |
| Property, plant and equipment  | 62,846                     | 51,481          |
| Leasehold land and land use rights   | 17,089                     | 16,876          |
|  | 79,935                     | 412,367         |
|  | <b>Unaudited</b>           | Audited         |
|  | <b>30th June</b>           | 31st December   |
|  | <b>2006</b>                | 2005            |
|  | <b>HK\$'000</b>            | <b>HK\$'000</b> |
| <b>Liabilities directly associated with assets classified as held for sale</b> |                            |                 |
| Short-term borrowings - unsecured  | -                          | 11,989          |

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

### 16. Commitments

(a) *Capital commitments for leasehold land and land use rights, and property, plant and equipment:*

|   | <b>Unaudited<br/>30th June<br/>2006<br/>HK\$'000</b> | Audited<br>31st December<br>2005<br>HK\$'000 |
|---|--|--|
| Contracted but not provided for   | <b>77,699</b>  | 11,655                                       |
| Authorised but not yet contracted for   | <b>159,257</b>                                       | 172,638                                      |
| The Group's share of capital commitments of a jointly controlled entity not included in the above is as follows:<br>Contracted but not provided for | <b>10,396</b>  | 13,163                                       |

(b) *Commitments under operating leases*

The Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of leasehold land and land use rights, and property, plant and equipment as follows:

|   | <b>Unaudited<br/>30th June<br/>2006<br/>HK\$'000</b> | Audited<br>31st December<br>2005<br>HK\$'000 |
|---|--|--|
| Not later than one year                           | <b>580</b>   | –  |
| Later than one year but not later than five years | <b>128</b>   | –  |
|   | <b>708</b>   | –  |

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasehold land and land use rights, and property, plant and equipment as follows:

|   | <b>Unaudited<br/>30th June<br/>2006<br/>HK\$'000</b> | Audited<br>31st December<br>2005<br>HK\$'000 |
|---|--|--|
| Not later than one year                           | <b>14,112</b>  | 8,746  |
| Later than one year but not later than five years | <b>10,363</b>  | 9,906  |
|   | <b>24,475</b>  | 18,652                                       |

**17. Related party transactions**

During the period, the Group had the following material transactions with related parties, which were carried out in normal course of business at terms determined and agreed by both parties.

 (a) *Purchase of investment properties by the Group from a jointly controlled entity*

| Name of related party                                      | Unaudited<br>Six months ended 30th June |                  |
|--|---|------------------|
|  | 2006<br>HK\$'000                        | 2005<br>HK\$'000 |
| Shanghai Zhangjiang Information Properties Company Limited | 12,108                                  | -                |

 (b) *Key management compensations:*

|   | Unaudited<br>Six months ended 30th June |                  |
|---|---|------------------|
|   | 2006<br>HK\$'000                        | 2005<br>HK\$'000 |
| Fee   | 600                                     | 600              |
| Salaries and other short-term employee benefits | 24,346                                  | 2,773            |
| Retirement scheme contributions                 | 260                                     | 260              |
| Employees share option benefits                 | 9,610                                   | -                |
|   | 34,816                                  | 3,633            |

**18. Contingent liabilities**

As at 30th June 2006, the Group had no material contingent liabilities.