



Notes to the Condensed Consolidated Financial Information

1. Basis of preparation

This unaudited condensed consolidated financial information 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 condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2005.

2. Accounting policies

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st December 2005, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1st January 2006:

- Amendment to HKAS 21 — Net investment in a foreign operation
- Amendment to HKAS 39 — The fair value option
- Amendment to HKAS 39 — Cash flow hedge accounting of forecast intragroup transactions
- Amendment to HKAS 39 and HKFRS 4 — Financial guarantee contracts
- HK(IFRIC)-Int 4 — Determining whether an arrangement contains a lease

The adoption of the above new and revised HKAS and HKFRS have no material impact on the Group’s unaudited condensed financial statements.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The Company is still not in the position to reasonably estimate the impact that may arise from the application of these standards or interpretations.

- HK(IFRIC)-Int 7, ‘Applying the Restatement Approach under HKAS 29’, effective for annual periods beginning on or after 1st March 2006;
- HK(IFRIC)-Int 8, ‘Scope of HKFRS 2’, effective for annual periods beginning on or after 1st May 2006;
- HK(IFRIC)-Int 9, ‘Reassessment of Embedded Derivatives’, effective for annual periods beginning on or after 1st June 2006;
- HKFRS 7, ‘Financial instruments: Disclosures’, effective for annual periods beginning on or after 1st January 2007; and
- HKAS 1, ‘Amendments to capital disclosures’, effective for annual periods beginning on or after 1st January 2007.

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3. Critical accounting estimates and judgements

The Group makes estimates and assumptions that are consistent with those used in the Group's financial statements for the year ended 31st December 2005.

4. Turnover, other revenues and segment information

The Company is an investment holding company. The Group is principally engaged in the provision of leveraged foreign exchange trading and broking services, securities broking, commodities and futures broking, provision of corporate financial advisory services, fund management, financial planning and insurance broking, and trading and broking of precious metal contracts. Total revenues recognised during the period are as follows:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Turnover		
Fees and commission	53,678	50,335
Net revenue from		
— foreign currency option trading	3,054	518
— bullion trading, including swap interest	54,056	8,948
Net premium income from		
— foreign currency option broking	698	213
— insurance brokerage	141	121
Swap interest and foreign exchange trading revenue	44,569	43,828
Interest income	14,156	5,986
Consultancy fee income	3,771	199
Underwriting commission	362	873
Management fee and subscription fee income	929	188
	175,414	111,209
Other revenues		
Dividend income from listed securities	22	18
Dividend income from available-for-sales financial assets	150	—
Other income including exchange gains	2,584	564
	2,756	582
Total revenues	178,170	111,791



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4. Turnover, other revenues and segment information (Continued)

Primary reporting format — Business Segments

The business of the Group was organised into the following segments during the period:

1. Leveraged foreign exchange trading/broking — provision of dealing and broking in leveraged forex trading services on the world's major currencies including online broking services.
2. Securities broking — provision of broking services in securities, equity linked products, unit trusts and stock options traded in Hong Kong and selected overseas markets and margin financing services to those brokerage clients.
3. Commodities and futures broking — provision of broking services in commodities and futures contracts traded in Hong Kong and selected overseas markets.
4. Corporate finance — provision of corporate finance and advisory services to companies listed in Hong Kong.
5. Asset management — managing private funds and acting as an investment manager for investment companies.
6. Financial planning and insurance broking — acting as an agent for the sale of savings plans, unit trusts, general and life insurance and providing advisory services on securities investment and discretionary fund management.
7. Precious metal contracts trading/broking — provision of dealing and broking trading services on selected precious metals.

Secondary reporting format — Geographical Segments

Based on the geographical location of the clients, the Group's business has now been regrouped into five main geographical areas:

1. Hong Kong, Greater China (excluding Hong Kong), Switzerland and other countries — mainly consists of retail clients and high net worth clients.
2. Oceania — mainly consists of corporate clients.

In 2006, the Group has segmented the turnover in respect of clients' transactions with the Group together with the corresponding transactions with its brokers in order to give a clearer presentation. The comparative figures for 2005 have been restated accordingly.

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4. Turnover, other revenues and segment information (Continued)

Primary reporting format — Business Segments

	Six months ended 30th June 2006								Total
	HK\$'000								
	Leveraged foreign exchange trading/brokering	Securities brokering	Commodities and futures brokering	Corporate finance	Asset Management	Financial planning/insurance brokering	Precious metal contracts trading/brokering	Unallocated	
Turnover	62,105	19,758	8,959	2,388	1,005	13,620	65,743	1,836	175,414
Segment results	22,362	6,200	1,158	594	135	(2,138)	25,437	(467)	53,281
Operating profit									53,281
Finance costs									(2,011)
									51,270
Share of profit of associates									1,662
Profit before taxation									52,932
Taxation									(9,576)
Profit for the period									43,356

	Six months ended 30th June 2005								Total
	HK\$'000								
	Leveraged foreign exchange trading/brokering	Securities brokering	Commodities and futures brokering	Corporate finance	Asset Management	Financial planning/insurance brokering	Precious metal contracts trading/brokering	Unallocated	
Turnover	66,209	11,045	6,457	5,554	194	9,044	12,675	31	111,209
Segment results	14,762	(869)	(310)	1,300	(647)	(2,312)	5,447	(1,627)	15,744
Operating profit									15,744
Finance costs									(711)
									15,033
Share of profit of associates									1,516
Profit before taxation									16,549
Taxation									(4,270)
Profit for the period									12,279

Secondary reporting format — Geographical Segments

	Turnover	
	Six months ended 30th June 2006	2005
	HK\$'000	HK\$'000
Hong Kong	88,504	64,655
Greater China (excluding Hong Kong)	35,070	10,812
Oceania	46,789	33,250
Switzerland	923	1
Other countries	4,128	2,491
	175,414	111,209

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5. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Crediting		
Gain on disposal of fixed assets	—	64
Charging		
Auditors' remuneration	1,061	776
Bad debts written off	48	280
Commission and other rebates	56,684	45,182
Depreciation of fixed assets	2,021	1,928
Exchange losses	19	1,313
Impairment of goodwill	—	861
Interest paid to clients on margin deposits	1,873	106
Legal and professional fee	1,340	1,923
Loss on disposal of fixed assets	32	69
Rent and rates	4,730	3,462
Staff costs (Note 6)	32,126	23,124

6. Staff costs

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Salaries and allowances	31,223	22,561
Mandatory provident fund — defined contribution plans	903	563
	32,126	23,124

Notes to the Condensed Consolidated Financial Information

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 six months ended 30th June 2006. Taxation on overseas profit 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 to the consolidated income statement represents:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Current taxation:		
— Hong Kong profits tax	6,764	3,361
— Overseas taxation	1,792	—
Deferred taxation relating to the origination and reversal of temporary differences	1,020	909
	9,576	4,270

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Profit before taxation (excluding share of profit of associates)	51,270	15,033
Calculated at a taxation rate of 17.5% (2005: 17.5%)	8,972	2,631
Effect of different taxation rates in other countries	514	—
Tax effect of income not subject to taxation	(1,133)	(454)
Tax effect of expenses not deductible for taxation purposes	341	361
Utilisation of previously unrecognised tax losses	(231)	(224)
Tax losses for which no deferred income tax asset was recognised	1,113	1,956
	9,576	4,270

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8. Dividends

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Proposed interim dividend of HK\$0.015 (2005: HK\$ nil) per ordinary share	5,867	—

The dividends paid during the six months ended 30th June 2006 and 2005 were HK\$nil and HK\$9,778,250 (HK\$0.025 per ordinary share) respectively.

At a meeting of the directors held on 20th September 2006, the directors resolved to declare an interim dividend of HK1.5 cents (2005: nil) per ordinary share to the shareholders whose names appear on the register of members of the Company on Tuesday, 10th October 2006. Such dividend will be paid on 18th October 2006 and is reflected as an appropriation of retained earnings for the six months ended 30th June 2006.

9. Earnings per share

The calculation of basic and diluted earnings per share are based on the profit attributable to equity holders of the Company of HK\$43,356,314 (2005: HK\$12,663,175).

The basic earnings per share is based on the weighted average number of 391,130,000 (2005: 391,130,000) ordinary shares in issue during the six months ended 30th June 2006. The diluted earnings per share for the six months ended 30th June 2006 is based on 391,370,357 (2005: 391,349,196) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 240,357 (2005: 219,196) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

Notes to the Condensed Consolidated Financial Information

10. Capital expenditure

	Stock Exchange trading rights HK\$'000	Futures Exchange trading right HK\$'000	Membership of The Chinese Gold & Silver Society HK\$'000	Total intangible assets HK\$'000	Fixed assets HK\$'000
Six months ended					
30th June 2006					
Net book amount at					
1st January 2006	913	406	180	1,499	9,398
Additions	—	—	—	—	4,051
Write-off	—	—	—	—	(133)
Exchange difference	—	—	—	—	81
Depreciation charge	—	—	—	—	(2,021)
Depreciation written back	—	—	—	—	101
Net book amount at					
30th June 2006	913	406	180	1,499	11,477

11. Trade and other receivables

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Trade receivables from clients	45,632	25,973
Margin finance loans	59,044	59,550
Margin and other trade related deposits with brokers and financial institutions	157,185	100,264
Trade receivables from clearing houses	7,041	28
Total trade receivables	268,902	185,815
Rental and utilities deposits	4,265	4,778
Prepayments and other receivables	4,353	6,280
Total trade and other receivables	277,520	196,873

Notes to the Condensed Consolidated Financial Information

11. Trade and other receivables (Continued)

The Group maintains designated accounts with The SEHK Options Clearing House Limited (“SEOCH”) and HKFE Clearing Corporation Limited (“HKFECC”) as a result of its normal business transactions. At 30th June 2006, the designated accounts with SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK\$141,101 and HK\$13,103,076 respectively (31st December 2005: HK\$1,304,984 and HK\$10,140,046 respectively) both representing trade payables to clients not dealt with in these accounts.

As at 30th June 2006, the aging analysis of the trade receivables was as follows:

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Current	268,321	184,717
30–60 days	152	301
Over 60 days	429	797
	268,902	185,815

12. Bank balances and cash

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Cash in hand	860	638
Bank balances		
— pledged	12,458	23,082
— general accounts	144,683	138,419
	157,141	161,501
	158,001	162,139

Notes to the Condensed Consolidated Financial Information

12. Bank balances and cash (Continued)

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
(a) By maturity		
Bank balances		
— Current and savings accounts	129,891	116,697
— Fixed deposits (maturing within three months)	27,250	44,804
	157,141	161,501

- (b) As at 30th June 2006, bank deposits amounting to HK\$10,949,867 (at 31st December 2005: HK\$10,762,271) have been pledged to a bank for banking facilities to the extent of HK\$26 million (at 31st December 2005: HK\$26 million) in securities broking of the Group. In addition, bank deposits amounting to HK\$1,507,372 (at 31st December 2005: HK\$12,319,973) have been pledged to a financial institution for trading facilities in leveraged foreign exchange broking of the Group.

As at 30th June 2006, included in the aggregate banking facilities amounts of HK\$130 million (at 31st December 2005: HK\$130 million) granted to the Group, amounts of HK\$118 million (at 31st December 2005: HK\$118 million) were granted under the Company's corporate guarantee (Note 18(e)). A subsidiary of the Company which engages in securities broking has utilised HK\$19,176,555 (at 31st December 2005: HK\$28,724,837) of the aggregate banking facilities.

The subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. At 30th June 2006, segregated trust accounts not otherwise dealt with in these accounts amounted to HK\$252,985,793 (at 31st December 2005: HK\$226,594,219). Correspondingly, trade payables in the same amount have not been dealt with in these accounts.

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13. Trade and other payables

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Trade payable to securities trading clients	37,594	21,606
Margin and other deposits payable to clients	52,948	42,294
Trade payable to brokers and clearing houses arising from the ordinary course of business of broking in securities, futures and commodity contracts and leveraged foreign exchange trading	13,460	6,434
Total trade payables	104,002	70,334
Accruals and other payables	22,320	17,769
	126,322	88,103

The settlement terms of trade payable from the ordinary course of business of broking in securities payable to clearing houses and securities trading clients are two days after the trade date of those transactions. The margin and other deposits payable to other clients principally represent the margin deposits received from clients for their trading of leveraged foreign exchange, precious metal contracts, futures and commodity contracts. The excess over the required margin deposit stipulated are repayable to clients on demand.

Other trade payables are aged within 30 days.

14. Bank loan and overdrafts

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Bank loan — unsecured	10,000	10,000
Bank overdrafts		
— secured	3,906	13,586
— unsecured	5,270	5,141
	19,176	28,727

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15. Share capital

	Authorised	
	Ordinary shares of HK\$0.10 each	
	No. of shares '000	Nominal value HK\$'000
At 1st January 2006, 2005 and 30th June 2006	1,000,000	100,000
	Issued and fully paid	
	Ordinary shares of HK\$0.10 each	
	No. of shares '000	Nominal value HK\$'000
At 1st January 2006 and 30th June 2006	391,130	39,113
At 1st January 2005 and 31st December 2005	391,130	39,113

16. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to same fiscal authority. The offset amounts are as follows:

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Deferred tax assets	(4,614)	(5,431)
Deferred tax liabilities	373	175
	(4,241)	(5,256)

Notes to the Condensed Consolidated Financial Information

16. Deferred taxation (Continued)

The movement on the net deferred tax liabilities/(assets) during the period/year is as follows:

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
At the beginning of the period/year	(5,256)	(865)
Effect on change in exchange rate	(5)	18
Deferred taxation charged/(credited) to income statement (Note 7)	1,020	(4,409)
At the end of the period/year	(4,241)	(5,256)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The tax jurisdiction in Hong Kong allows unrecognised tax losses to be carried forward indefinitely to offset future taxable income. However, for the Group's overseas operations, the respective jurisdiction may only allow unrecognised tax losses to be carried forward for a definite number of years. As of 30th June 2006, the Group has an unrecognised tax loss from its Hong Kong operations of HK\$16,941,767 (2005: HK\$21,442,752), which has no expiry date; and an unrecognised tax loss of HK\$7,976,893 (2005: HK\$4,741,661) from its overseas operations for which is subject to the respective jurisdiction in the country the Group operates.

The movement in net deferred tax liabilities/(assets) during the period/year is as follows:

	Accelerated tax depreciation		Tax losses		Total	
	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
At 1st January	666	931	(5,922)	(1,796)	(5,256)	(865)
Effect on change in exchange rate	—	—	(5)	18	(5)	18
(Credited)/charged to income statement	178	(265)	842	(4,144)	1,020	(4,409)
At 30th June 2006/ 31st December 2005	844	666	(5,085)	(5,922)	(4,241)	(5,256)

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17. Obligations under finance lease

At 30th June 2006, the Group's finance lease liabilities were repayable as follows:

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Not later than one year	121	121
Later than one year and not later than five years	101	162
	222	283
Future finance charges on finance leases	(13)	(22)
	209	261

The present value of finance lease liabilities is as follows:

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Not later than one year	111	107
Later than one year and not later than five years	98	154
	209	261

18. Contingent liabilities

- (a) The Company received a writ of summons on 28th July 2000, filed by a company named Hantec Investment Limited which is unrelated to the Group. The plaintiff sought for injunction to restrain the Company from using the plaintiff's alleged trade name and damages.

The directors have commenced a defence action and will continue to defend it. Potential damages, losses, fees, expenses, proceedings and claims which have been and may be incurred by the Group as a result of the action have been covered by a joint and several indemnity, given by the ultimate controlling shareholders and accordingly no provision has been made by the Group as at 30th June 2006.



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18. Contingent liabilities (Continued)

- (b) An indirect wholly owned subsidiary of the Company, Hantec International Limited (“HIL”) received a writ of summon dated 28th March 2006 from two clients jointly as plaintiffs claiming for damages against HIL and two of its licensed representatives for an amount of HK\$20,600,000 together with costs as a result of a number of transactions of leveraged foreign exchange trading. The directors of HIL have instructed the Company’s legal representative to commence defence action. The directors, after considering the fact and the information available, and after assessing the opinion provided by the Group’s legal advisors, are of the opinion that no provision is required to be made at this stage. The directors will closely monitor the development of the case and consider appropriate treatment in the financial statements should the circumstances turning adverse to HIL.
- (c) Another client of HIL commenced proceedings against HIL by way of arbitration under the Securities and Futures Ordinance (the “SFO”) for an amount of HK\$933,948 arising out of the alleged provision of misleading information and/or wrongful misrepresentation by a licensed representative of HIL in respect of leveraged foreign exchange trading. HIL has commenced defence on the claim. Based on the advice from the legal counsel, the directors consider that no provision is required.
- (d) A writ of summons dated 11th July 2006 was served to three subsidiaries of the Company as defendants by a former account executive claiming against the three subsidiaries for a total amount of HK\$700,000 as his rightful overriding commissions together with interest and/or alternatively, damages to be assessed. The subsidiaries have instructed their legal advisor to commence defence on the claim. The legal advisor has requested the plaintiff to state clearly his claim but the plaintiff has indicated to the court that he would not answer the same and as such the legal advisor opines that it is not clear whether the plaintiff will aggressively press ahead with his claim or he will keep the case in abeyance. As such, the directors are of opinion that no provision should be made.
- (e) As at 30th June 2006, the Company had issued corporate guarantees to certain banks for credit facilities up to an amount of HK\$118,000,000 (at 31st December 2005: HK\$118,000,000) granted to a subsidiary which engages in securities broking. In addition, the Company had issued corporate guarantees to certain financial institutions for foreign exchange trading and precious metals contracts trading facilities granted to subsidiaries which engage in leveraged foreign exchange trading and precious metals trading. The guarantee amounts vary and are subject to the volume of contracts traded with the financial institutions.

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19. Operating lease commitment

At 30th June 2006, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Others	
	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Not later than one year	8,634	7,956	767	703
Later than one year and not later than five years	3,235	6,224	542	667
	11,869	14,180	1,309	1,370

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20. Assets, liabilities and contracts in foreign currencies

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Total assets in foreign currencies included in the balance sheet	235,771	190,478
Total liabilities in foreign currencies included in the balance sheet	32,191	32,987
Notional amounts of contracts to purchase foreign currencies under leveraged foreign exchange trading contracts	1,281,281	1,747,421
Notional amounts of contracts to sell foreign currencies under leveraged foreign exchange trading contracts	1,389,812	1,803,563
Notional amounts of contracts to purchase foreign currencies under option contracts	657,066	349,718
Notional amounts of contracts to sell foreign currencies under option contracts	533,286	349,497
Notional amounts of contracts to purchase precious metal under precious metal trading contracts	1,501,763	335,646
Notional amounts of contracts to sell precious metal under precious metal trading contracts	1,418,931	234,333

Notes

- (1) Total commitments to purchase or sell foreign currencies under leveraged foreign exchange trading contracts consist of a basket of currencies which cannot be offset against each other. From the Group's risk management perspective, individual positions in each currency (short or long) are monitored for exchange risk.
- (2) The notional amounts of contracts to purchases and sell precious metal contracts represent open positions as at 30th June 2006. For risk management purpose, only the net positions are subject to fluctuation in the price of the precious metals.

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21. Related party transactions

The following is a summary of significant related party transactions which were carried out in the normal course of the Group's business:

	Six months ended 30th June	
	2006 HK\$'000	2005 HK\$'000
Net premium expenses from foreign currency option trading and broking (Note (a)(ii))	—	(5,246)
Commission income received (Note (a)(ii))	1	7
Miscellaneous expenses (Note (b))	(20)	—
Amount receivable from an associate (Note (c))	(695)	—
Amount payable to an associate (Note (d))	11,289	—
Rental income (Note (e))	4	—
Service fee income (Note (f))	1,710	—

- (a) During the period, an associate in New Zealand transacted leveraged foreign exchange trading, precious metal trading and securities trading through the subsidiaries of the Group.
- (i) For leveraged foreign exchange transactions and precious metal trading transactions, spreads are based on relevant market rates at the time of each transaction available to other customers and counterparties of the Group with comparable standing. The aggregate notional amount of the transactions entered by the associate amount to HK\$71,988 million (2005: HK\$126,656 million) for leveraged foreign exchange trading contracts and HK\$28,699 million (2005: HK\$133 million) for precious metal trading contracts out of the total aggregate notional amount of the transactions of HK\$143,447 million (2005: HK\$432,830 million) and HK\$89,020 million (2005: HK\$15,733 million) respectively entered by the Group during the period.
- (ii) Commission received on securities trading and option premium income were charged to these transactions on normal commercial terms. During the period, commission of HK\$1,274 (2005: HK\$6,708) was charged on the transactions and net option premium expenses of HK\$nil (2005: HK\$5,245,497) were contributed to turnover of the Group.

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21. Related party transactions (Continued)

- (b) During the period, the Group incurred HK\$20,000 (2005: HK\$nil) for purchasing Chinese paintings as souvenir from a company in which the Chairman of the Group held 70% equity interest. The amount was charged at normal commercial terms.
- (c) The amount represents the trade receivable of HK\$694,544 (2005: HK\$nil) arising from providing supporting and administrative services to an associate of the Group. The amount is unsecured, interest free and repayable on demand.
- (d) The amount represents the trade payable of HK\$11,289,142 (2005: HK\$nil) by a subsidiary of the Group in Switzerland to an associate in New Zealand arising from the ordinary course of business of leveraged foreign exchange trading to an associate of the Group. The amount is unsecured, interest free and repayable on demand.
- (e) An associate in New Zealand paid rental to a subsidiary of the Group in Macau of HK\$4,000 during the period. The rental income is based on fixed fee charged on a monthly basis and on normal commercial terms.
- (f) An associate in New Zealand paid service fee to a subsidiary of the Group in Macau of HK\$1,709,514 during the period for supporting and administrative services rendered. The amount was charged at normal commercial terms.

22. Capital commitments

Capital commitments for system software development and fixed asset acquisition is as follows:

	Unaudited 30th June 2006 HK\$'000	Audited 31st December 2005 HK\$'000
Contracted but not provided for	145	547

23. Post balance sheet event

The Company has entered into a sale and purchase agreement (the "Agreement") to acquire 70% of the entire issued share capital of Cosmos Hantec Investment (NZ) Limited ("CHI") from two existing shareholders, each of whom was holding 35% of the entire issued share capital of CHI (the "Acquisition"). The consideration was HK\$25.64 million, subject to adjustment as stipulated in the Agreement. The consideration would be satisfied in cash amounted to HK\$10 million and the balance by issuing and allotting ordinary shares of the company after completion of the acquisition.

Save as disclosed above and in Note 18(d) above, there are no post balance sheet events to be disclosed, whether adjusting or non-adjusting.