

LIQUIDITY AND FINANCIAL RESOURCES

The Group has obtained facilities which are renewable on a yearly basis from a number of banks. The facilities for the share margin finance operations are secured by the securities of margin clients and the Group. The facilities for the money lending operations are clean loans. All the facilities are guaranteed by the Company.

As at 30 June 2006, the Group's long term bank borrowings apart from those for share margin finance business and personal loan business amounted to HK\$48 million (31 December 2005: HK\$51 million), which, when related to the Group's equity of HK\$346 million (31 December 2005: HK\$322.8 million), represent a gearing ratio of approximately 13.9% (31 December 2005: 15.8%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 30 June 2006, the Group had no significant exposure to fluctuations in foreign exchange rates and any related hedges.

CAPITAL STRUCTURE

The Group had no other debt securities as at 30 June 2006 and up to the date of this report.

INVESTMENTS

For the six months ended 30 June 2006, available-for-sale financial assets increased by HK\$5.1 million after accounting for the increase in fair value of the available-for-sale financial assets by HK\$0.5 million and net addition of available-for-sale financial assets by HK\$4 million and gain on disposal of available-for-sale financial assets by HK\$0.6 million.

Financial assets at fair value through profit or loss increased by HK\$13.2 million after accounting for the decrease in fair value of the financial assets at fair value through profit or loss by HK\$6.2 million and net addition of financial assets at fair value through profit or loss by HK\$14.8 million and gain on disposal of financial assets at fair value through profit or loss by HK\$4.6 million.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries and associates for the six months ended 30 June 2006.

PLEDGES OF ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

There was no material change in the Group's pledges of assets, contingent liabilities and commitments as compared to the most recent published annual report.