



Wonderful World Holdings Limited  
榮德豐控股有限公司\*

(Incorporated in Bermuda with limited liability)

Stock Code: 00109



2007  
Annual Report

\* for identification purposes only

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors:

Mr. Ng Leung Ho (*Chairman*)  
(*appointed on 14th June, 2007*)  
Ms. Ada Lam (*Vice-Chairman and Managing Director*)  
Mr. Li Xiangjun (*appointed on 14th June, 2007*)  
Mr. Wong Wing Cheong  
Mr. Yeung Wood Sang

#### Independent Non-Executive Directors:

Mr. Law Wai Fai (*appointed on 3rd July, 2007*)  
Mr. Lo Wan Sing, Vincent (*appointed on 3rd July, 2007*)  
Mr. Chau On Ta Yuen (*appointed on 3rd July, 2007*)  
Ms. Hwang Sok In (*resigned on 3rd July, 2007*)  
Mr. Shum Kai Wing (*resigned on 3rd July, 2007*)  
Mr. Fan King Shum (*resigned on 3rd July, 2007*)

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Chi Ming, Tony  
(*appointed on 7th September, 2007*)  
Mr. Wong Wing Cheong (*resigned as Company Secretary on 7th September, 2007*)

### AUTHORIZED REPRESENTATIVES

Mr. Ng Leung Ho  
(*appointed on 7th September, 2007*)  
Mr. Chan Chi Ming, Tony  
(*appointed on 7th September, 2007*)  
Mr. Wong Wing Cheong  
(*resigned as Authorized Representative on 7th September, 2007*)  
Ms. Ada Lam  
(*resigned as Authorized Representative on 7th September, 2007*)

### AUDIT COMMITTEE

Mr. Law Wai Fai (*Chairman of Audit Committee*)  
(*appointed on 3rd July, 2007*)  
Mr. Lo Wan Sing, Vincent (*appointed on 3rd July, 2007*)  
Mr. Chau On Ta Yuen (*appointed on 3rd July, 2007*)  
Mr. Shum Kai Wing (*resigned on 3rd July, 2007*)  
Ms. Hwang Sok In (*resigned on 3rd July, 2007*)  
Mr. Fan King Shum (*resigned on 3rd July, 2007*)

### REMUNERATION COMMITTEE

Mr. Lo Wan Sing, Vincent (*Chairman of Remuneration Committee*) (*appointed on 3rd July, 2007*)  
Ms. Ada Lam  
Mr. Ng Leung Ho (*appointed on 14th June, 2007*)  
Mr. Law Wai Fai (*appointed on 3rd July, 2007*)  
Mr. Chau On Ta Yuen (*appointed on 3rd July, 2007*)  
Mr. Wong Wing Cheong (*resigned as a member of Remuneration Committee on 14th June, 2007*)  
Ms. Hwang Sok In (*resigned on 3rd July, 2007*)  
Mr. Shum Kai Wing (*resigned on 3rd July, 2007*)  
Mr. Fan King Shum (*resigned on 3rd July, 2007*)

### NOMINATION COMMITTEE

Mr. Chau On Ta Yuen (*Chairman of General Committee*)  
(*appointed on 3rd July, 2007*)  
Ms. Ada Lam  
Mr. Ng Leung Ho (*appointed on 14th June, 2007*)  
Mr. Law Wai Fai (*appointed on 3rd July, 2007*)  
Mr. Lo Wan Sing, Vincent (*appointed on 3rd July, 2007*)  
Mr. Wong Wing Cheong (*resigned as a member of Nomination Committee on 14th June, 2007*)  
Ms. Hwang Sok In (*resigned on 3rd July, 2007*)  
Mr. Shum Kai Wing (*resigned on 3rd July, 2007*)  
Mr. Fan King Shum (*resigned on 3rd July, 2007*)

### GENERAL COMMITTEE

Mr. Law Wai Fai (*Chairman of General Committee*)  
(*appointed on 3rd July, 2007*)  
Ms. Ada Lam  
Mr. Ng Leung Ho (*appointed on 14th June, 2007*)  
Mr. Wong Wing Cheong (*resigned as member of General Committee on 14th June, 2007*)  
Mr. Fan King Shum (*resigned on 3rd July, 2007*)

## CORPORATE INFORMATION (continued)

### REGISTERED OFFICE OF THE COMPANY

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS OF THE COMPANY IN HONG KONG

Suites 604-05, 6th Floor, K. Wah Centre  
No. 191 Java Road, North Point  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

#### **Butterfield Fund Services (Bermuda) Limited**

Rosebank Centre  
11 Bermudiana Road  
Pembroke, HM 08  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

#### **Tricor Tengis Limited**

26th Floor, Tesbury Centre  
No. 28 Queen's Road East, Wanchai  
Hong Kong

### LEGAL ADVISERS

*On Hong Kong law:*

**C.L. Chow & Mackision Chan, Solicitors**  
Rooms 501-503, 5th Floor, Hang Seng Building  
No. 77 Des Voeux Road Central  
Hong Kong

#### **Pang Wan & Choi, Solicitors**

Rooms 1007-8, 10th Floor, Hang Seng Building  
No. 77 Des Voeux Road Central  
Hong Kong

#### **Preston Gates & Ellis, Solicitors**

35th Floor, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

#### **Louis K.Y. Pau & Company, Solicitors**

24th Floor, Euro Trade Centre  
Nos. 13-14 Connaught Road Central  
Hong Kong

*On Bermuda law:*

#### **Conyers Dill & Pearman**

2901, One Exchange Square  
No. 8 Connaught Place  
Central  
Hong Kong

### AUDITOR

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*  
35th Floor, One Pacific Place  
No. 88 Queensway  
Hong Kong

### PRINCIPAL BANKERS

**ABN AMRO Bank**  
**Bank of China (Hong Kong) Limited**  
**Liu Chong Hing Bank Limited**  
**Wing Hang Bank, Limited**

### STOCK CODE

SEHK 00109

### WEBSITE

[www.wonderfulw.com](http://www.wonderfulw.com)

## CHAIRMAN'S STATEMENT

### BUSINESS REVIEW

I am delighted to see a turnaround from a net loss of approximately HK\$13,798,000 of the Group in last year to a profit of HK\$103,000 in current year notwithstanding that the turnover has decreased by approximately HK\$4,521,000 to approximately HK\$25,937,000. The turnaround to a profit position was mainly due to less non-performing listed shares investments held-for-trading on hand at beginning of current year compared to prior years leading to decrease in losses caused by liquidating of such investments during current year, and reversal of certain long outstanding payables and accruals brought forward from several years ago.

More prudent approach has been taken for our business in investment and financial services to mitigate unnecessary financial losses leading to a reduction in turnover from investment and no allowance made for short term loans under review.

Marked development of the Group's trading of children's playground equipment, rubber tiles manufactured from recycled rubber shreds, and the related accessories started in May 2006 brought us increase in trading activities and become the major revenue contributor to our distribution and trading business.

### OUTLOOK

Our focus to diversify our business into various revenue sources supported by business developments activities have continued to gather forces during the past year and we are well positioned to generate earnings growth from these new developed areas.

Coping with demands for more sophisticated facilities from the customers of property and kindergartens sectors, we continue to be optimistic on the outlook of the children's playground equipment which increases the marketability of projects of property sectors and kindergartens' competitiveness. In respect of the recycled rubber tiles, it is in support of the global trend of awareness of the clean technology, our products are made in recycled materials and we expect our products will become increasingly receptive by the end customers and drive up demands of the same.

The Group will continue to concentrate on its existing core business of investment and financial services and distribution and trading. We will pursue business development of complementary products which bring synergy to our existing products to give better value proposals to our customers. Further, with placement of new shares approved on 28th September, 2007 in a special general meeting of the shareholders, approximately HK\$198.3 million will be raised and we will have the financial resources to watch out on market development of our other core business segments, and should there be opportunities arising, the Group will make necessary assessments and may re-activate our other core segments should the assessments be promising and fulfilling our investment guidelines and business objectives.

## CHAIRMAN'S STATEMENT (continued)

### APPRECIATION

On behalf of the Board of Directors, I would like to thank our valued customers, suppliers and business associates for their invaluable contributions and support. I also want to express my gratitude to our management team and all staff of the Group for their hard work during the year. Last but not least, I am most grateful to our shareholders for their continuous support and confidence.

**Ng Leung Ho**

*Chairman*

Hong Kong, 22nd October, 2007

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the year ended 30th June, 2007, the turnover of the Group decreased by approximately HK\$4,521,000 to approximately HK\$25,937,000 (2006: approximately HK\$30,458,000), representing a decrease of approximately 15% from last year. Decrease in turnover was primarily caused by reduction in business activities in investment and financial services.

In view of the increasing volatility of the local financial markets in the first half of 2007, the Group's business in investment and financial services had been prudently managed to mitigate unnecessary financial losses. As a result, the yearly turnover in investment and financial services dropped. However, business activities in distribution and trading gradually gained momentum, its turnover recorded a growth of almost twenty times to approximately HK\$3,891,000 (2006: approximately HK\$193,000) for the year under review.

The Group achieved a net profit of approximately HK\$103,000 for the year under review and turned around from a net loss of approximately HK\$13,798,000 of last year. Non-performing listed shares investments held-for-trading had been reduced in the Group's investment portfolio during the past years, and as a result, losses caused by liquidating such non-performing listed shares investments significantly decreased for the year review, and coupled with the reversal of certain long outstanding payables and accruals brought forward from several years ago, the Group managed to breakeven for the year ended 30th June, 2007.

### BUSINESS REVIEW

Business rationalisation and strategic diversification were still the main direction of the Group. In February 2007, new shares of the Company had successfully been placed and the net proceeds from the shares placing would more well equip the Group to readily grasp business opportunities when they arise.

#### (1) Investment and financial services

Non-performing listed share investments were liquidated and excluded from the Group's investment portfolio which would mainly be built from a combination of well selected blue-chips and fast growing listed shares investments.

The money lending business of the Group was cautiously managed. Strict credit review procedures were being adopted to isolate risky borrowers, and as far as possible, loans to new borrowers would normally be secured by tangible assets. Hence, no allowance for short-term loans was needed for the year under review.

The disposal of certain land pieces in Po Toi Island, of which a wholly-owned subsidiary of the Group was granted by the court to become mortgagee in possession, has been in steady progress, and the net sales proceeds from the expected disposal would contribute the recovery of default outstanding balance from a borrower.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### (2) Distribution and trading

The Group's trading of children's playground equipment, rubber tiles manufactured from recycled rubber shreds, and the related accessories started in May 2006 showed marked development, and now become the major revenue contributor in distribution and trading business. The gradual accumulation of more and more job references had enhanced the Group's hit rate in public tenders and the ability to handle larger projects. It was rather encouraging to see the contract sum of individual projects have been picking up.

### FUTURE PROSPECTS

Investment portfolio will be managed pro-actively to achieve capital growth and returns for our shareholders. The Group's existing business in investment and financial services will be managed with due care and continue to contribute to the Group's turnover.

New investment opportunities with high return and investment in China market may be considered to further diversify our business scope and to bring new arena to our business. With booming economy in China, we believe more opportunities will come alight to us as new market trend is developed.

With approval of the placement of new shares on 28th September, 2007 to raise approximately HK\$198.3 million, we will have sufficient funding to explore opportunities requiring larger outlay to complement or expand the Group's business and may bring stronger return and economic gain to the Group.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains its adequate financial position with cash and cash equivalents of approximately HK\$21,959,000 (30th June, 2006: approximately HK\$5,749,000). The Group is basically debt-free and at a net cash position.

As at 30th June, 2007, the Group had a net current assets of approximately HK\$17,060,000 (30th June, 2006: approximately HK\$5,220,000). The shareholders' equity was approximately HK\$18,184,000 (30th June, 2006: approximately HK\$6,307,000) and there is no outstanding bank loan and other borrowings, and accordingly the gearing ratio was zero (30th June, 2006: zero).

### FINAL DIVIDEND

The Directors do not recommend the payment of an annual dividend for the year ended 30th June, 2007.

### EMPLOYMENT AND REMUNERATION POLICIES

As at 30th June, 2007, the Group employed approximately 18 employees. The Remuneration Committee and the Directors of the Group reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### CORPORATE GOVERNANCE

A separate and detailed statement on the Company's corporate governance practices is included under the heading "Corporate Governance Report".

### SHARE OPTION SCHEME

The Company has a share option scheme to enable the directors of the Company to grant options to eligible employees, including executive directors, of the Company and its subsidiaries to subscribe for shares in the Company. No share options were granted during the year and there are no share options outstanding as at 30th June, 2007.

## DIRECTORS' PROFILES

### EXECUTIVE DIRECTORS

**Mr. NG Leung Ho ("Mr. Ng")**, aged 58, was appointed an Executive Director and Chairman of the Company on 14th June, 2007. He was also appointed members of Remuneration Committee, Nomination Committee and General Committee of the Company with effect from 14th June, 2007. He is also the director of certain subsidiary of the Company. He is the founder, the Chairman and an executive director of China Grand Forestry Resources Group Limited ("CGFR"), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also the chairman of Zhongke Nanotech Engineering Centre Co., Ltd., the jointly controlled entity of CGFR engaged in the business of Nano technology applications. Mr. Ng has more than 35 years of experience in the design, manufacture, and trading of men's suits in Hong Kong and in the People's Republic of China. Mr. Ng is currently a member of the Chinese People's Political Consultative Conference and is a visiting professor at the Fujian Teachers University.

**Mr. LI Xiangjun ("Mr. Li")**, aged 35, was appointed an Executive Director of the Company on 14th June, 2007. He is also the director of certain subsidiary of the Company. He holds a bachelor degree in law. He received a bachelor degree in law in 1996. In 2003, he obtained the certificate of graduation from the master degree program for international economic law of the University of International Business and Economics. Mr. Li has been engaged in the legal services industry since 1999. He is currently a practicing lawyer in the People's Republic of China and a member of the Beijing Lawyers' Association. He was a partner of the Beijing Genesis Law Firm, and is currently a partner of the Beijing Tianshi Law Firm. Mr. Li has been engaged in the legal profession for years. He used to be the Corporate Law Consultant or Legal Consultant for Special Affairs for large state-owned enterprises, including China FAW Group, Lenovo Group and China Life Insurance Group, and large foreign enterprises, including Asia Link Group Inc., Zhenglin Food Co., Ltd. and Dongguan Hsu Chi Foods Company Limited.

**Mr. WONG Wing Cheong ("Mr. Wong")**, aged 43, is an Executive Director of the Company. He graduated from the University of Hong Kong with a Bachelor of Social Sciences degree in Management and Economics, and received his Master of Business Administration degree in Investment and Finance from the University of Hull, United Kingdom. He has over 21 years of experience in the field of finance and accounting. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators, and the Hong Kong Institute of Company Secretaries. He was the Chief Financial Officer of subsidiary companies of a Hang Seng Index constituent public listed company in Hong Kong prior to joining the Group in December 2003. Mr. Wong has been appointed an Executive Director of the Company since 6th January, 2004. Besides, he was appointed as the Chairman of the Company from 1st April, 2006 to 14th June, 2007, and the Company Secretary of the Company from 1st December, 2003 to 7th September, 2007.

**Ms. LAM Ada ("Ms. Lam")**, aged 35, was appointed as Managing Director and Vice-Chairman of the Company on 17th October, 2003 and 2nd August, 2004 respectively. She holds a master degree of science in engineering (communication engineering) from the University of Hong Kong and a bachelor degree of engineering in electrical engineering from the University of Technology, Sydney. Ms. Lam has over 4 years of experience in electrical engineering and telecommunication industries.

**Mr. YEUNG Wood Sang ("Mr. Yeung")**, aged 56, joined HSBC in 1971. He has 30 years of commercial banking experience with focus on commercial lending, credit control and trade finance. He obtained ACIB title. He was a director of a listed company in Hong Kong prior to joining the Group in January 2003. Mr. Yeung was appointed as an Executive Director of the Company on 27th January, 2003.

## DIRECTORS' PROFILES (continued)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LAW Wai Fai ("Mr. Law")**, aged 39, was appointed an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed the Chairman of Audit Committee, the Chairman of General Committee, members of Remuneration Committee and Nomination Committee of the Company on 3rd July, 2007. He is currently an executive director of Tak Shun Technology Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Law has extensive experience in financial management. He holds a master of Business Administration degree from the Hong Kong Polytechnic University and a bachelor degree in Accountancy from the City University of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

**Mr. LO Wan Sing, Vincent ("Mr. Lo")**, aged 59, was appointed an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed the Chairman of Remuneration Committee, and members of Audit Committee and Nomination Committee of the Company on 3rd July, 2007. He has more than 30 years of experience in the field of jewelry and property investment. He is currently the president of Po Guan Jewelry Limited and Kwok Cheong Ind. Limited, and also the managing director of Hong Kong New Century Real Estate Limited. He is a member of the Chinese People's Political Consultative Conference of the People's Republic of China.

**Mr. CHAU On Ta Yuen ("Mr. Chau")**, aged 59, was appointed an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed the Chairman of Nomination Committee, and members of Audit Committee and Remuneration Committee of the Company on 3rd July, 2007. He graduated from Xiamen University majoring in Chinese language and literature. He is currently an executive director of Sunbase International (Holdings) Limited and Asia Pacific Hi-Technology Investment (Holdings) Limited, apart from being an executive director and administrative vice-president of Century Epitech Company Limited. Mr. Chau is also an independent non-executive director and a member of the audit committee of Everpride Biopharmaceutical Company Limited which is listed on the Main Board of The Stock Exchange of Hong Kong Limited. From March 2000 to November 2006, he was appointed as the executive director and the deputy chairman of Everbest Energy Holdings Limited (formerly known as "Everbest Century Holdings Limited") which is listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is a member of the Chinese People's Political Consultative Conference of the People's Republic of China.

**Ms. HWANG Sok In ("Ms. Hwang")**, aged 53, received her Bachelor of Laws (LL. B) from Brunel University, United Kingdom in 1977. She currently practises as a solicitor at Hastings & Co, a firm of solicitors in Hong Kong. Ms. Hwang has over 26 years of experience in the legal field. Ms. Hwang was appointed as an Independent Non-Executive Director on 17th October, 2003 and she resigned effective from 3rd July, 2007. Besides, her resignation as the chairman of the Nomination Committee, and a member of the Audit Committee and Remuneration Committee of the Company was also effective from 3rd July, 2007.

**Mr. SHUM Kai Wing ("Mr. Shum")**, aged 42, graduated from City University of Hong Kong with a bachelor degree of accountancy in 1992. He is a fellow member of the Chartered Association of Certified Accountants and Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Shum has over 16 years' accounting experience in commercial sectors. He was appointed as an Independent Non-Executive Director on 2nd August, 2004 and he resigned effective from 3rd July, 2007. Besides, his resignation as the chairman of the Audit Committee and Remuneration Committee, and a member of the Nomination Committee of the Company was also effective from 3rd July, 2007.

## DIRECTORS' PROFILES (continued)

**Mr. FAN King Shum ("Mr. Fan")**, aged 54, graduated from the University of Hong Kong with a First Class Honour Bachelor degree in the Faculty of Science in 1974 and was awarded a postgraduate Diploma in Education by the Chinese University of Hong Kong in 1979. Mr. Fan has over 20 years of experience in education sector and over 12 years of experience in Information Technology sector. He is currently a director of JK Robinson Engineering Limited. Mr. Fan was appointed as an Independent Non-Executive Director of the Company on 19th May, 2005 and he resigned effective from 3rd July, 2007. Besides, his resignation as the chairman of the General Committee, and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company was also effective from 3rd July, 2007.

## CORPORATE GOVERNANCE REPORT

The Company is committed to upholding good corporate governance practices and procedures to ensure greater transparency and quality of disclosure as well as more effective risk control.

### CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied throughout the year ended 30th June, 2007 with the Code on Corporate Governance Practice (the "Code") as set out by the Stock Exchange in Appendix 14 to the Listing Rules, except for the following deviation:

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-Executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation in the annual general meeting according to the provisions of the Company's Bye-Laws.

### THE BOARD OF DIRECTORS

The Board of the Company is collectively responsible for oversight of the management of the business and affairs of the Group with the objective to protect and enhance long-term shareholders value. The position of the Chairman of the Board was held by Mr. Wong Wing Cheong from 1st July, 2006 to 14th June, 2007, and then by Mr. Ng Leung Ho from 14th June, 2007 onwards. The position of the Chief Executive Officer (i.e. the Managing Director) was held by Ms. Ada Lam. These two positions are held separately by different directors to ensure their respective independence, accountability and responsibility. This separation of positions can ensure a clear delineation of roles between the Chairman's responsibility to oversee the Group's business strategies and the Chief Executive Officer's responsibility to monitor the day-to-day business.

The Board now comprises of eight directors, with five executive directors and three independent non-executive directors. The directors' biographical information is set out on pages 9 to 11 under the heading "Directors' Profiles".

The independent non-executive Directors come from diverse business and professional backgrounds, rendering valuable expertise and experience for promoting the best interests of the Group and its shareholders as a whole by taking care of the interests of all shareholders and that issues are considered in a more objective manner. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

All Directors (including independent non-executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Bye-law and the Code of Corporate Governance. None of the Directors has a service contract with any member of the Group which is not determinable by the relevant employer within one year without compensation payment (other than statutory compensation).

The Board conducts at least four regular Board meetings a year at approximately quarterly intervals in addition to other Board meetings that are required for significant and important issues, and for statutory purposes. Appropriate and sufficient information is provided to Board members in a timely manner to keep them abreast of the Group's latest developments and thus can assist them in discharging their duties.

## CORPORATE GOVERNANCE REPORT (continued)

The Board has established Board Committees, namely Audit Committee, Remuneration Committee, Nomination Committee and General Committee to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

### AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises the three independent non-executive Directors of the Company. The primary duties of the Audit Committee are to review the Company's annual and interim results and to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee meets at least twice annually to review and discuss the interim results and annual results. Each member of the Audit Committee has complete and unrestricted access to the Auditors and all senior staff of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters, including review of the audited financial statements of the Group for the year.

As a resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint the current external Auditors, Messrs. Deloitte Touche Tohmatsu, no explanation from the Audit Committee is applicable to the reason why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external Auditors.

### REMUNERATION COMMITTEE

The Remuneration Committee consists of the Chairman, the Managing Director, and the three independent non-executive Directors with one of them acts as the Chairman of the Remuneration Committee.

The Remuneration Committee is responsible for formulating transparent procedures for developing remuneration policies and packages for the executive Directors and other key staff of the Group. It takes into accounts whether the packages offered are appropriate to respective duties and performance, and whether the packages are competitive and sufficiently attractive to retain the executive Directors and the key staff concerned. The Remuneration Committee meets at least once during the financial year.

### NOMINATION COMMITTEE

The Nomination Committee consists of the Chairman, the Managing Director, and the three independent non-executive Directors with one of them acts as the Chairman of the Nomination Committee.

The Nomination Committee has been established to enhance transparency and fairness in the evaluation, selection and appointment of Board members. The Nomination Committee meets at least once during the financial year or/ and when circumstances required.

## CORPORATE GOVERNANCE REPORT (continued)

### GENERAL COMMITTEE

The General Committee consists of the three members, the majority of which are executive Directors.

The General Committee has been established to take care of various administrative matters of the Board. The General Committee meets at least once during the financial year and when circumstances required.

### ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

#### Board of Directors Meetings

A total of eighteen Board of Directors meetings of the Company were held during the year. The attendance rates of individual Board members of the Company are as follows:

Name of Directors	Attendance
<b>Executive Directors</b>	
Mr. Ng Leung Ho ( <i>Chairman</i> ) ( <i>appointed on 14th June, 2007</i> )	1/1
Ms. Ada Lam ( <i>Vice-Chairman and Managing Director</i> )	20/20
Mr. Li Xiangjun ( <i>appointed on 14th June, 2007</i> )	1/1
Mr. Wong Wing Cheong	20/20
Mr. Yeung Wood Sang	13/13
<b>Independent Non-Executive Directors</b>	
Mr. Law Wai Fai ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Lo Wan Sing, Vincent ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Chau On Ta Yuen ( <i>appointed on 3rd July, 2007</i> )	–
Ms. Hwang Sok In ( <i>resigned on 3rd July, 2007</i> )	7/7
Mr. Shum Kai Wing ( <i>resigned on 3rd July, 2007</i> )	7/7
Mr. Fan King Shum ( <i>resigned on 3rd July, 2007</i> )	7/7

#### Audit Committee Meetings

A total of two Audit Committee meetings of the Company were held during the year. The attendance rates of individual Audit Committee members of the Company are as follows:

Name of Audit Committee members	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Law Wai Fai ( <i>Chairman of Audit Committee</i> ) ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Lo Wan Sing, Vincent ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Chau On Ta Yuen ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Shum Kai Wing ( <i>resigned on 3rd July, 2007</i> )	2/2
Ms. Hwang Sok In ( <i>resigned on 3rd July, 2007</i> )	2/2
Mr. Fan King Shum ( <i>resigned on 3rd July, 2007</i> )	2/2

## CORPORATE GOVERNANCE REPORT (continued)

### Remuneration Committee Meetings

A total of two Remuneration Committee meetings of the Company were held during the year. The attendance rates of individual Remuneration Committee members of the Company are as follows:

Name of Remuneration Committee members	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Lo Wan Sing, Vincent ( <i>Chairman of Remuneration Committee</i> ) ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Law Wai Fai ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Chau On Ta Yuen ( <i>appointed on 3rd July, 2007</i> )	–
Ms. Hwang Sok In ( <i>resigned on 3rd July, 2007</i> )	1/1
Mr. Shum Kai Wing ( <i>resigned on 3rd July, 2007</i> )	1/1
Mr. Fan King Shum ( <i>resigned on 3rd July, 2007</i> )	1/1
<b>Executive Directors</b>	
Ms. Ada Lam	1/1
Mr. Ng Leung Ho ( <i>appointed on 14th June, 2007</i> )	–
Mr. Wong Wing Cheong ( <i>resigned as a member of Remuneration Committee on 14th June, 2007</i> )	1/1

### Nomination Committee Meeting

A total of one Nomination Committee meeting of the Company was held during the year. The attendance rates of individual Nomination Committee members of the Company are as follows:

Name of Nomination Committee members	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Chau On Ta Yuen ( <i>Chairman of General Committee</i> ) ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Law Wai Fai ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Lo Wan Sing, Vincent ( <i>appointed on 3rd July, 2007</i> )	–
Ms. Hwang Sok In ( <i>resigned on 3rd July, 2007</i> )	1/1
Mr. Shum Kai Wing ( <i>resigned on 3rd July, 2007</i> )	1/1
Mr. Fan King Shum ( <i>resigned on 3rd July, 2007</i> )	1/1
<b>Executive Directors</b>	
Ms. Ada Lam	1/1
Mr. Ng Leung Ho ( <i>appointed on 14th June, 2007</i> )	–
Mr. Wong Wing Cheong ( <i>resigned as a member of Nomination Committee on 14th June, 2007</i> )	1/1



## CORPORATE GOVERNANCE REPORT (continued)

### General Committee Meeting

A total of one General Committee meeting of the Company was held during the year. The attendance rates of individual General Committee members of the Company are as follows:

Name of General Committee members	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Law Wai Fai ( <i>Chairman of General Committee</i> ) ( <i>appointed on 3rd July, 2007</i> )	–
Mr. Fan King Shum ( <i>resigned on 3rd July, 2007</i> )	2/2
<b>Executive Directors</b>	
Ms. Ada Lam	2/2
Mr. Ng Leung Ho ( <i>appointed on 14th June, 2007</i> )	–
Mr. Wong Wing Cheong ( <i>resigned as a member of General Committee on 14th June, 2007</i> )	2/2

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 ("Model Code") to Listing Rules during the year under review. The Company has made specific enquiry with all directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 30th June, 2007.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are adopted by the Company.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external Auditor of the Company, Messrs. Deloitte Touche Tohmatsu, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 23.

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

### AUDITORS' REMUNERATION

For the year ended 30th June, 2007, the Auditor of the Company received approximately HK\$520,000 for statutory audit services. Payments for review of preliminary annual results press announcement and taxation services of approximately HK\$38,000 in total to the Auditor were made during the year. No payments for consultancy services to the Auditor were made during the year.

## CORPORATE GOVERNANCE REPORT (continued)

### INTERNAL CONTROL AND RISK MANAGEMENT

To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of a sound internal control system which is also indispensable to mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, rather than absolute, assurance against material misstatement or loss and to manage but not eliminate risks of failure in operational systems and fulfillment of the business objectives.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

### INVESTOR RELATIONS

The Company recognizes the need and the importance of timely and continuous communication with shareholders. In addition to the Company's annual reports and interim reports, the Company maintains a policy of ongoing communication with shareholders whose enquiries are directed to and dealt with by the Company's senior management.

### OTHER INFORMATION

The Company made a press announcement dated 31st October, 2005 in relation to, inter alia, continuing connected transactions involving the leasing of office premises from an associate of a connected person of the Company. For the year ended 30th June, 2007, the total rentals (inclusive of building management fee and services fees but excluding government rates and government rent) amounting to approximately HK\$966,000 (2006: approximately HK\$375,000) were paid to the said associate of a connected person of the Company.

## REPORT OF THE DIRECTORS

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2007.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 29 to the consolidated financial statements.

### RESULTS

The results of the Group for the year ended 30th June, 2007 are set out in the consolidated income statement on page 25.

The directors do not recommend the payment of a dividend for the year ended 30th June, 2007.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

### SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 20 to the consolidated financial statements.

### DIRECTORS

The directors of the Company during the year and up to the date of this report were:

#### Executive Directors:

Mr. Ng Leung Ho	<i>(appointed on 14th June, 2007)</i>
Mr. Li Xiangjun	<i>(appointed on 14th June, 2007)</i>
Ms. Ada Lam	
Mr. Wong Wing Cheong	
Mr. Yeung Wood Sang	

#### Independent Non-Executive Directors:

Mr. Law Wai Fai	<i>(appointed on 3rd July, 2007)</i>
Mr. Lo Wan Sing, Vincent	<i>(appointed on 3rd July, 2007)</i>
Mr. Chau On Ta Yuen	<i>(appointed on 3rd July, 2007)</i>
Mr. Shum Kai Wing	<i>(resigned on 3rd July, 2007)</i>
Ms. Hwang Sok In	<i>(resigned on 3rd July, 2007)</i>
Mr. Fan King Shum	<i>(resigned on 3rd July, 2007)</i>

## REPORT OF THE DIRECTORS (continued)

### DIRECTORS (continued)

In accordance with Clause 86(2) of the Company's Bye-Laws, Mr. Ng Leung Ho, Mr. Li Xiangjun, Mr. Law Wai Fai, Mr. Lo Wan Sing, Vincent, Mr. Chau On Ta Yuen will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Clause 87(1) of the Company's Bye-Laws, Mr. Yeung Wood Sang will retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

The term of office for each non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Bye-Laws.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

At 30th June, 2007, the interests or short positions of each director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

#### Ordinary shares of the Company

Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Ng Leung Ho	Beneficial owner	135,268,759	26.54%
Mr. Yeung Wood Sang	Beneficial owner	1,070,889	0.21%

Save as disclosed above, as at 30th June, 2007, none of the directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

## REPORT OF THE DIRECTORS (continued)

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme of the Company in which the directors of the Company are entitled to participate are set out in note 21 to the consolidated financial statements.

Save as disclosed above, at no time during the year was the Company or any of its holding companies or subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

At 30th June, 2007, the shareholder who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Mr. Ng Leung Ho	Beneficial owner	135,268,759	26.54%

Save as disclosed herein, no other person had any interests or short positions in the shares or underlying shares of the Company as at 30th June, 2007, which were disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance, to which the Company or any of its holding companies or subsidiaries 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 year or at any time during the year.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30th June, 2007, the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total turnover. The aggregate purchases attributable to the Group's largest and five largest suppliers accounted for 32% and 73% respectively of the Group's total purchases for the year.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest suppliers.

## REPORT OF THE DIRECTORS (continued)

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

During the year, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30th June, 2007 with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except that the independent non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation at the annual general meeting according to the provisions of the Company's Bye-Laws.

The Company has adopted the Model Code as a code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

### DIRECTOR'S INTERESTS IN COMPETING BUSINESSES

None of the directors of the Company is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

### AUDIT COMMITTEE

The Company has appointed three independent non-executive directors of the Company as members of the Audit Committee to assist the board of directors in fulfilling its duties by providing review and supervision of the Company's financial reporting process and internal controls. The audit committee has reviewed the Group's annual and interim results.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### EMOLUMENT POLICY

The Group's employee emolument policy is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

## REPORT OF THE DIRECTORS (continued)

### SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the best knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 30th June, 2007.

### POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 27 to the consolidated financial statements.

### AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**Ng Leung Ho**

*Chairman*

Hong Kong, 22nd October, 2007

## INDEPENDENT AUDITOR'S REPORT

**Deloitte.**  
德勤

### TO THE SHAREHOLDERS OF WONDERFUL WORLD HOLDINGS LIMITED

榮德豐控股有限公司

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Wonderful World Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 57, which comprise the consolidated balance sheet as at 30th June, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## INDEPENDENT AUDITOR'S REPORT (continued)

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30th June, 2007 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

22nd October, 2007

**CONSOLIDATED INCOME STATEMENT**

For the year ended 30th June, 2007

	<i>NOTES</i>	<b>2007</b> <b>HK\$'000</b>	2006 <i>HK\$'000</i>
Turnover	6	<b>25,937</b>	30,458
Turnover from distribution and trading of goods		<b>3,891</b>	193
Cost of sales		<b>(2,747)</b>	(163)
Gross profit		<b>1,144</b>	30
Net changes in fair value of investments held-for-trading		<b>3,363</b>	(3,969)
Net income from loan financing		<b>177</b>	395
Other income		<b>3,906</b>	121
Distribution costs		<b>(543)</b>	(6)
Administrative expenses		<b>(7,944)</b>	(7,141)
Impairment loss on available-for-sale investments		–	(2,445)
Loss on disposal of available-for-sale investments		–	(1)
Impairment loss on trade and other receivables		–	(942)
Gain on derecognition of interest in subsidiaries	22	–	160
Profit (loss) for the year attributable to equity holders of the Company	8	<b>103</b>	(13,798)
Earnings (loss) per share			
Basic	11	<b>HK0.002 cents</b>	HK(0.361) cents

## CONSOLIDATED BALANCE SHEET

At 30th June, 2007

	<i>NOTES</i>	<b>2007</b> <b>HK\$'000</b>	2006 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>244</b>	207
Available-for-sale investments	13	<b>880</b>	880
		<b>1,124</b>	1,087
<b>Current assets</b>			
Inventories	14	<b>381</b>	28
Trade and other receivables	15	<b>1,661</b>	5,690
Short-term loans receivable	16	<b>2,305</b>	1,000
Investments held-for-trading	17	–	4,030
Bank balances and cash	18	<b>21,959</b>	5,749
		<b>26,306</b>	16,497
<b>Current liabilities</b>			
Trade and other payables	19	<b>3,120</b>	5,151
Provision for legal claims	25	<b>5,996</b>	5,996
Taxation payable		<b>130</b>	130
		<b>9,246</b>	11,277
<b>Net current assets</b>			
		<b>17,060</b>	5,220
		<b>18,184</b>	6,307
<b>Capital and reserves</b>			
Share capital	20	<b>5,098</b>	4,248
Reserves		<b>13,086</b>	2,059
		<b>18,184</b>	6,307

The consolidated financial statements on pages 25 to 57 were approved and authorised for issue by the Board of Directors on 22nd October, 2007 and are signed on its behalf by:

**Wong Wing Cheong**  
DIRECTOR

**Ada Lam**  
DIRECTOR

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30th June, 2007

	Attributable to the equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Distributable reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	
At 1st July, 2005	4,248	388,088	847	39,387	(5)	(412,460)	20,105
Loss and total recognised expense for the year	–	–	–	–	–	(13,798)	(13,798)
At 30th June, 2006	4,248	388,088	847	39,387	(5)	(426,258)	6,307
Profit and total recognised income for the year	–	–	–	–	–	103	103
Issue of shares for cash	850	11,044	–	–	–	–	11,894
Expenses incurred in connection with issue of shares	–	(120)	–	–	–	–	(120)
<b>At 30th June, 2007</b>	<b>5,098</b>	<b>399,012</b>	<b>847</b>	<b>39,387</b>	<b>(5)</b>	<b>(426,155)</b>	<b>18,184</b>

The special reserve of the Group represents the differences between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to a group reorganisation in December 1997, over the nominal value of the Company's shares issued in exchange.

The distributable reserve of the Group represents the aggregate of the credit arising from the reduction of nominal value of the Company's share capital in March 1999 and March 2001 less the amount utilised for a bonus issue of shares in September 2000.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June, 2007

	2007 HK\$'000	2006 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the year	<b>103</b>	(13,798)
Adjustments for:		
Interest income	<b>(557)</b>	(468)
Dividend income	<b>(16)</b>	(2)
Depreciation of property, plant and equipment	<b>145</b>	150
Reversal of impairment loss on short-term loans receivable	<b>(130)</b>	–
Gain on disposal of property, plant and equipment	–	(1)
Impairment loss on available-for-sale investments	–	2,445
Loss on disposal of available-for-sale investments	–	1
Impairment loss on trade and other receivables	–	942
Gain on derecognition of interest in subsidiaries	–	(160)
Operating cash flows before movements in working capital	<b>(455)</b>	(10,891)
Increase in inventories	<b>(353)</b>	(7)
Decrease (increase) in trade and other receivables	<b>4,064</b>	(4,602)
(Increase) decrease in short-term loans receivable	<b>(1,175)</b>	1,247
Decrease in investments held-for-trading	<b>4,030</b>	5,871
(Decrease) increase in trade and other payables	<b>(2,031)</b>	512
Cash generated from (used in) operations	<b>4,080</b>	(7,870)
Interest received	<b>522</b>	468
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>4,602</b>	(7,402)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(182)</b>	(172)
Dividend received	<b>16</b>	2
Proceeds from disposal of available-for-sale investments	–	880
Proceeds from disposal of property, plant and equipment	–	2
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(166)</b>	712
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	<b>11,894</b>	–
Expenses paid in connection with issue of shares	<b>(120)</b>	–
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>11,774</b>	–
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>16,210</b>	(6,690)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>5,749</b>	12,439
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR,</b> represented by bank balances and cash	<b>21,959</b>	5,749

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2007

### 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Prior to 4th June, 2007, the Company's ultimate holding company was Winning Concept Holdings Limited. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is located at Suites 604-05, 6th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Group are provision of investment and financial services and the distribution and trading of oil lubricant additives, children playground equipment and accessories and supply chain management computer systems. The principal activities of its principal subsidiaries are set out in note 29.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1st July, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been presented. Accordingly, no prior year adjustment is required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>2</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment <sup>3</sup>
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Shares Transactions <sup>4</sup>
HK(IFRIC) – INT 12	Service Concession Arrangements <sup>5</sup>
HK(IFRIC) – INT 13	Customer Loyalty Programmes <sup>6</sup>
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>5</sup>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1st January, 2007
- <sup>2</sup> Effective for annual periods beginning on or after 1st January, 2009
- <sup>3</sup> Effective for annual periods beginning on or after 1st November, 2006
- <sup>4</sup> Effective for annual periods beginning on or after 1st March, 2007
- <sup>5</sup> Effective for annual periods beginning on or after 1st January, 2008
- <sup>6</sup> Effective for annual periods beginning on or after 1st July, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to 30th June each year. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts.

Sales of goods are recognised when goods are delivered and title has passed.

Sales of securities investments are recognised on a trade-date basis when contracts are executed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

#### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial assets*

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss currently include financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and short-term loans receivable) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated on initial recognition or not classified as any of the other categories set out above. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods.

For available-for-sale equity investments that do not have a quoted market price in an active market and which fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

##### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

##### *Financial liabilities*

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

##### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

##### **Impairment losses**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Taxation** (continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### ***The Group as lessee***

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease on a straight line basis.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

#### Retirement benefits costs

Payments to Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered services entitling them to the contributions.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. The key source of estimation uncertainty that can significantly affect the amounts recognised in the consolidated financial statements is disclosed below:

#### Litigation

The outcome of the litigation as disclosed in note 25 is still uncertain at the balance sheet date. Management had provided an amount of HK\$5,996,000 in the consolidated financial statements based on the opinion of the Company's legal advisors. When the litigation is settled or more information is available to management in respect of the possible outcome, the provision amount may change.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 5. FINANCIAL INSTRUMENTS

#### a. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, short-term loans receivable, bank balances and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Credit risk*

The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations at 30th June, 2007 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimise credit risk, the Group's management has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's management reviews the recoverable amount of each individual trade debt and loans regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

With respect to trade debts, the Group has no significant concentration of credit risk, with exposure spread over a number of customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

#### *Interest rate risk*

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances have short maturity periods.

In addition, the Group has exposure to fair value interest rate risk through the impact of the rate changes on the fixed-rate loans receivable. The Group does not have an interest rate hedging policy. However, management monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arises.

#### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash. The Group maintains its adequate financial position with cash and cash equivalents of approximately HK\$21.96 million at 30th June, 2007. The Group is basically debt-free and in a net cash position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 5. FINANCIAL INSTRUMENTS (continued)

#### b. Fair value

The fair value of financial assets and financial liabilities is determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

### 6. TURNOVER

Turnover represents the aggregate of the net amounts received and receivable from third parties, less returns and allowance and is summarised as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Securities trading	<b>21,869</b>	29,870
Loan interest income	<b>177</b>	395
Trading of oil lubricant additives	<b>115</b>	11
Trading of playground equipment and accessories	<b>3,776</b>	182
	<b>25,937</b>	30,458

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended 30th June, 2007

**7. SEGMENT INFORMATION****Business segments**

For management purposes, the Group is currently organised into two (2006: two) operating divisions namely investment and financial services (including trading of securities and loan financing services) and distribution and trading (mainly sales of goods). These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

	<b>Investment and financial services HK\$'000</b>	<b>Distribution and trading HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>Consolidated income statement</b>			
<b>For the year ended 30th June, 2007</b>			
Turnover – external	<u>22,046</u>	<u>3,891</u>	<u>25,937</u>
Segment results	<u>302</u>	<u>(2,025)</u>	<u>(1,723)</u>
Unallocated corporate income			3,178
Unallocated corporate expenses			<u>(1,352)</u>
Profit for the year			<u>103</u>
<b>Consolidated balance sheet</b>			
<b>At 30th June, 2007</b>			
<b>ASSETS</b>			
Segment assets	23,781	2,357	26,138
Unallocated corporate assets			<u>1,292</u>
Consolidated total assets			<u>27,430</u>
<b>LIABILITIES</b>			
Segment liabilities	551	1,690	2,241
Unallocated corporate liabilities			<u>7,005</u>
Consolidated total liabilities			<u>9,246</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 7. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Investment and financial services <i>HK\$'000</i>	Distribution and trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>OTHER INFORMATION</b>				
Capital additions	160	22	–	182
Depreciation of property, plant and equipment	103	40	2	145
Net changes in fair value of investments held-for-trading	3,363	–	–	3,363
Reversal of impairment loss on short-term loans receivable	130	–	–	130

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended 30th June, 2007

**7. SEGMENT INFORMATION (continued)****Business segments (continued)**

	Investment and financial services <i>HK\$'000</i>	Distribution and trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Consolidated income statement</b>			
<b>For the year ended 30th June, 2006</b>			
Turnover – external	30,265	193	30,458
Segment results	(11,465)	(629)	(12,094)
Unallocated corporate expenses			(1,864)
Gain on derecognition of interest in subsidiaries			160
Loss for the year			(13,798)
<b>Consolidated balance sheet</b>			
<b>At 30th June, 2006</b>			
<b>ASSETS</b>			
Segment assets	16,118	1,260	17,378
Unallocated corporate assets			206
Consolidated total assets			17,584
<b>LIABILITIES</b>			
Segment liabilities	1,147	375	1,522
Unallocated corporate liabilities			9,755
Consolidated total liabilities			11,277

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 7. SEGMENT INFORMATION (continued)

#### Business segments (continued)

	Investment and financial services <i>HK\$'000</i>	Distribution and trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>OTHER INFORMATION</b>				
Capital additions	–	99	73	172
Depreciation of property, plant and equipment	136	4	10	150
Net changes in fair value of investments held-for-trading	(3,969)	–	–	(3,969)
Impairment loss on available-for-sale investments	2,445	–	–	2,445
Loss on disposal of available-for-sale investments	1	–	–	1
Impairment loss on trade and other receivables	942	–	–	942
Gain on disposal of property, plant and equipment	–	–	1	1

#### Geographical segments

During the year, all of the Group's operations are principally located in Hong Kong. No geographical segment analysis is presented as all of the Group's turnover and assets were attributable to Hong Kong.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 8. PROFIT (LOSS) FOR THE YEAR

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging:		
Directors' emoluments ( <i>Note 9</i> )	<b>1,829</b>	2,551
Other staff costs	<b>2,597</b>	1,049
Retirement benefits scheme contributions, excluding directors	<b>118</b>	37
Total staff costs	<b>4,544</b>	3,637
Auditors' remuneration	<b>520</b>	520
Depreciation of property, plant and equipment	<b>145</b>	150
Legal and professional fees	<b>529</b>	1,350
and after crediting:		
Gain on disposal of property, plant and equipment	–	1
Dividends from equity securities	<b>16</b>	2
Bank interest income	<b>380</b>	468

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 9. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the eight (2006: seven) directors were as follows:

2007	Other emoluments			Total emoluments HK\$'000
	Fees HK\$'000	Basic salaries and allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	
Mr. Ng Leung Ho	–	–	–	–
Mr. Li Xiangjun	–	–	–	–
Mr. Wong Wing Cheong	–	1,164	12	1,176
Ms. Ada Lam	–	520	12	532
Mr. Yeung Wood Sang	–	1	–	1
Ms. Hwang Sok In	–	–	–	–
Mr. Shum Kai Wing	60	–	–	60
Mr. Fan King Shum	60	–	–	60
	<b>120</b>	<b>1,685</b>	<b>24</b>	<b>1,829</b>

2006	Other emoluments			Total emoluments HK\$'000
	Fees HK\$'000	Basic salaries and allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	
Mr. Wong Wing Cheong	–	920	12	932
Ms. Ada Lam	–	520	12	532
Mr. Yeung Wood Sang	–	141	7	148
Mr. Liu Ka Lim	–	810	9	819
Ms. Hwang Sok In	–	–	–	–
Mr. Shum Kai Wing	60	–	–	60
Mr. Fan King Shum	60	–	–	60
	<b>120</b>	<b>2,391</b>	<b>40</b>	<b>2,551</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended 30th June, 2007

**9. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)****Highest paid individuals**

Of the five highest paid individuals in the Group, two (2006: three) are directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2006: two) individuals are as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Basic salaries and allowances	<b>772</b>	418
Retirement benefits scheme contributions	<b>29</b>	20
	<b>801</b>	438

The emoluments of each of these individuals was within the band of up to HK\$1,000,000 for both years.

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the year.

**10. TAXATION**

No provision for taxation has been made in the consolidated financial statements as the Group had no assessable profit for both years.

The taxation for the year can be reconciled to the profit (loss) for the year per the consolidated income statement as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit (loss) for the year	<b>103</b>	(13,798)
Tax at Hong Kong Profits Tax rate of 17.5%	<b>18</b>	(2,415)
Tax effect of expenses not deductible for tax purpose	<b>100</b>	103
Tax effect of income not taxable for tax purpose	<b>(400)</b>	(71)
Tax effect of tax losses not recognised	<b>960</b>	2,419
Utilisation of tax losses previously not recognised	<b>(690)</b>	(36)
Others	<b>12</b>	–
Taxation for the year	<b>–</b>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 10. TAXATION (continued)

At 30th June, 2007, the Group had unutilised tax losses of approximately HK\$166,182,000 (2006: HK\$164,641,000) available for offset against future assessable arising profits in Hong Kong. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unutilised tax losses may be carried forward indefinitely and to the extent of approximately HK\$146.7 million (2006: HK\$145.2 million) has not yet been agreed by the tax authority.

### 11. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the profit for the year of HK\$103,000 (2006: loss of HK\$13,798,000) and on the weighted average number of 4,137,435,616 (2006: 3,823,200,000) ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share has been adjusted for the bonus issue on 7th September, 2007. Details of the bonus issue are set out in note 27.

Diluted earnings (loss) per share for both years have not been calculated as no potential dilutive ordinary shares were outstanding during both years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST			
At 1st July, 2005	402	4,223	4,625
Additions	11	161	172
Disposals	(5)	(3)	(8)
At 30th June, 2006	408	4,381	4,789
Additions	101	81	182
<b>At 30th June, 2007</b>	<b>509</b>	<b>4,462</b>	<b>4,971</b>
DEPRECIATION			
At 1st July, 2005	323	4,116	4,439
Provided for the year	83	67	150
Eliminated on disposals	(5)	(2)	(7)
At 30th June, 2006	401	4,181	4,582
Provided for the year	48	97	145
<b>At 30th June, 2007</b>	<b>449</b>	<b>4,278</b>	<b>4,727</b>
CARRYING VALUES			
<b>At 30th June, 2007</b>	<b>60</b>	<b>184</b>	<b>244</b>
At 30th June, 2006	7	200	207

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold improvements	Over the term of the relevant lease
Furniture, fixtures and equipment	20% – 33 $\frac{1}{3}$ %



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 13. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 30th June, 2007 and 30th June, 2006 comprise:

	Cost HK\$'000	Accumulated impairment HK\$'000	Carrying amount HK\$'000
Investments in equity securities listed in Hong Kong (Note (i))	9,569	(8,689)	880
Investments in unlisted equity securities in Hong Kong (Note (ii))	129,458	(129,458)	–
	<u>139,027</u>	<u>(138,147)</u>	<u>880</u>

Notes:

- (i) Investments in listed equity securities are stated at fair value. As the shares of the listed investee have been suspended for trading since 29th December, 2004, the fair value is determined by reference to the consideration of such securities in the latest sales transaction in prior years.
- (ii) Investments in unlisted equity securities are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably. The directors consider these investments contribute no significant value to the Group and accordingly, the investment costs in these unlisted equity securities have been fully impaired.

### 14. INVENTORIES

	2007 HK\$'000	2006 HK\$'000
Merchandise for sale	<u>381</u>	<u>28</u>

### 15. TRADE AND OTHER RECEIVABLES

	2007 HK\$'000	2006 HK\$'000
Trade receivables, net of accumulated impairment	392	156
Other receivables, net of accumulated impairment	<u>1,269</u>	<u>5,534</u>
	<u>1,661</u>	<u>5,690</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended 30th June, 2007

**15. TRADE AND OTHER RECEIVABLES (continued)**

The Group allows an average credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment losses at the balance sheet date:

	<b>2007</b> <b>HK\$'000</b>	2006 <i>HK\$'000</i>
Trade receivables:		
Within 30 days	<b>300</b>	–
Within 31 – 60 days	<b>67</b>	148
Within 61 – 90 days	<b>5</b>	8
Over 90 days	<b>20</b>	–
	<b>392</b>	156

**16. SHORT-TERM LOANS RECEIVABLE**

The loans are denominated in Hong Kong dollars and were made in general for a period from four to six months but may be extended on mutual agreement. These loans carry interest at fixed rates ranging from 24% to 30% per annum (2006: fixed rate of 24% per annum).

Included in loans receivable at 30th June, 2007 are loans receivable with carrying amounts of HK\$1,000,000 and HK\$700,000, which are secured by leasehold land interest in Hong Kong and certain equipment respectively.

**17. INVESTMENTS HELD-FOR-TRADING**

The amount at 30th June, 2006 represented investments in equity securities listed in Hong Kong.

**18. BANK BALANCES AND CASH**

The bank balances carried interest at an average rate of 3.98% (2006: 3.43%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 19. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$1,250,000 (2006: HK\$144,000) and their aged analysis at the balance sheet date is as follows:

	2007 HK\$'000	2006 HK\$'000
Trade payables:		
Within 30 days	140	144
Within 31 – 60 days	105	–
Within 61 – 90 days	85	–
Over 90 days	920	–
	<u>1,250</u>	<u>144</u>

### 20. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1st July, 2005, 30th June, 2006 and 30th June, 2007	<u>20,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1st July, 2005 and 30th June, 2006	424,800,000	4,248
Issue of shares ( <i>Note</i> )	<u>84,960,000</u>	<u>850</u>
At 30th June, 2007	<u>509,760,000</u>	<u>5,098</u>

*Note:* On 8th February, 2007, the Company issued 84,960,000 ordinary shares of HK\$0.01 each in the Company to Ms. Fu Suk Yin, an independent third party to the Group, at a price of HK\$0.14 per share. The net proceeds of approximately HK\$11.8 million would be used for business expansion of the Group. The new shares were issued under the general mandate granted to the directors at the Company's annual general meeting held on 23rd November, 2006. The new shares rank pari passu with all the other shares in issue in all respects.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 21. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 16th December, 1997 for the purpose of providing incentives to directors and employees. The Scheme will remain in force for a period of 10 years from the date of adoption and will expire on 15th December, 2007.

Under the Scheme, the board of directors of the Company may, at their discretion, grant options to directors or employees of the Company or any of its subsidiaries to subscribe for shares in the Company in accordance with the Scheme.

The subscription price of the options shall be a price to be determined by the directors of the Company being not less than the nominal value of the ordinary shares nor 80% of the average closing price of the ordinary shares of the Company for the five trading days immediately preceding the date of the offer of the options.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual at the grant date shall not exceed 25% of the number of shares issued and issuable under the Scheme.

Options granted must be taken up within 21 days from the date of grant. No consideration is payable on the grant of an option. Any option may be exercised in accordance with the terms of the Scheme at any time during a period of 3 years commencing 12 months after the date on which the option is granted but, in any event, no later than 15th December, 2007.

No option was granted or exercised during the year.

At the balance sheet dates, no option was outstanding under the Scheme.

### 22. DERECOGNITION OF INTEREST IN SUBSIDIARIES

During the year ended 30th June, 2006, a creditor applied to the Court of Hong Kong for the liquidation of certain subsidiaries of the Group and the winding-up order was issued in October 2005. The net liabilities of these subsidiaries at the date of derecognition comprised of other payables with a carrying amount of approximately HK\$160,000. Since the Group's investment costs in these subsidiaries were fully provided for and the Group had no further commitment to these subsidiaries, the resultant gain on derecognition of interest in these subsidiaries amounted to HK\$160,000.

The subsidiaries derecognised by the Group during the year ended 30th June, 2006 did not make any significant contribution to the cash flows of the Group of that year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 23. OPERATING LEASES

#### The Group as lessee

Minimum lease payments paid under operating leases in respect of rented premises amounted to HK\$864,000 (2006: HK\$447,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due within one year amounting to HK\$163,000 (2006: HK\$205,000), of which HK\$151,000 (2006: HK\$197,000) is payable to a related party of the Group.

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for an average term of one year with fixed rentals.

### 24. RETIREMENT BENEFITS SCHEME

The Group participates in the MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules.

During the year, the total amount contributed by the Group to the MPF Scheme charged to the consolidated income statement represent contributions payable to the fund by the Group at rates specified in the rules of the scheme.

### 25. CONTINGENT LIABILITIES

On 10th November, 2000, the Company was named as a defendant in a legal action in which a claim was made against the Company for failure to pay, as the guarantor, an amount of approximately HK\$5,996,000 and interest thereon. In January 2003, the Company's lawyers had sought discovery of the original copies of the relevant documents from the plaintiff and yet the plaintiff had failed to respond or furnish any of the requested documents. The plaintiff had since then not taken any further steps to activate the proceedings which had then become dormant for over a year. In July 2004, the Company was informed by the plaintiff of its decision to re-activate the proceedings. The directors, after seeking legal advice, had decided to make a provision of HK\$5,996,000 for potential liability during the year ended 30th June, 2004. In the view of the directors, there was no basis for providing for any interest which might become payable on the outcome of the litigation. The Company applied for an order to strike out the proceedings during the year ended 30th June, 2005, but the application for striking out was subsequently dismissed. The Company's solicitors are preparing the necessary documents in preparation for trial in court fixed in February 2008.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 26. RELATED PARTY DISCLOSURES

- (a) The significant transactions with related parties during the year and significant balances with them at the balance sheet date are as follows:

Related parties	Nature of transaction	2007 HK\$'000	2006 HK\$'000
<b>Transactions:</b>			
柳州榮榮橡膠再生利用有限公司 (“柳州榮榮”)	Purchase of goods	991	116
Win Success Industrial Limited (“Win Success”)	Rentals and management fees paid	966	375
<b>Balances:</b>			
柳州榮榮	Balance at 30th June – trade payable	1,119	116

Note: Both 柳州榮榮 and Win Success are beneficially owned by Mr. Lam Kam Chuen, father of Ms. Ada Lam, a director of the Company.

### (b) Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2007 HK\$'000	2006 HK\$'000
Short-term benefits	1,805	2,511
Post-employment benefits	24	40
	<b>1,829</b>	<b>2,551</b>

The remuneration of directors is determined by the remuneration committee having regard to the level and composition of pay and the general market conditions in the respective countries and businesses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 27. POST BALANCE SHEET EVENTS

Subsequent to 30th June, 2007, the Group had the following significant post balance sheet events:

- (a) As stated in the announcement dated 7th August, 2007 and the circular dated 22nd August, 2007, the board of directors proposed a bonus issue of new shares to the shareholders whose names appear on the register of members of the Company on 7th September, 2007 (the "Record Date") on the basis of eight bonus shares for every share held by the shareholders on the Record Date. The transaction has been approved by the shareholders in a special general meeting held on 7th September, 2007 and completed in September 2007.
- (b) As stated in the announcements dated 7th August, 2007 and 7th September, 2007, and the circulars dated 22nd August, 2007 and 12th September, 2007, the Company entered into a placing agreement and a supplemental placing agreement with the placing agent on 7th August, 2007 and 7th September, 2007 respectively (collectively referred to as the "Placing Agreements").

Pursuant to the Placing Agreements, the placing agent would procure, on a best effort basis, no less than six places to subscribe by cash for an aggregate of 1,835,100,000 new ordinary shares of HK\$0.01 each in the share capital of the Company at HK\$0.111 per share (the "Placing"). The aggregate amount of the Placing would be approximately HK\$203.7 million before expenses. The Placing has been approved by the shareholders in another special general meeting held on 28th September, 2007 but not yet completed upto the date of approval of these consolidated financial statements.

### 28. SUMMARISED BALANCE SHEET OF THE COMPANY

The summarised balance sheet of the Company at 30th June, 2007 is as follows:

	2007 HK\$'000	2006 HK\$'000
Investments in subsidiaries	1,000	1,000
Other receivables	30	9
Amounts due from subsidiaries	23,841	30,422
Bank balances	78	186
Other payables	(348)	(1,090)
Provision for legal claims	(5,996)	(5,996)
Amounts due to subsidiaries	(5,923)	(5,923)
Net assets	<u>12,682</u>	<u>18,608</u>
Share capital	5,098	4,248
Reserves (Note)	<u>7,584</u>	<u>14,360</u>
Total equity	<u>12,682</u>	<u>18,608</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended 30th June, 2007

**28. SUMMARISED BALANCE SHEET OF THE COMPANY (continued)**

Note:

Reserves	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Distributable reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE COMPANY</b>					
At 1st July, 2005	388,088	61,949	39,387	(464,180)	25,244
Loss for the year	—	—	—	(10,884)	(10,884)
At 30th June, 2006	388,088	61,949	39,387	(475,064)	14,360
Loss for the year	—	—	—	(17,700)	(17,700)
Issue of new shares	11,044	—	—	—	11,044
Share issue expenses	(120)	—	—	—	(120)
<b>At 30th June, 2007</b>	<b>399,012</b>	<b>61,949</b>	<b>39,387</b>	<b>(492,764)</b>	<b>7,584</b>

The contributed surplus of the Company represents the excess of the then combined net assets of the subsidiaries acquired pursuant to the group reorganisation in December 1997 over the nominal value of the Company's shares issued in exchange.

The distributable reserve of the Company represents the aggregate of the credit arising from the reduction of nominal value of the Company's share capital in March 1999 and March 2001 less the amount utilised for a bonus issue of shares in September 2000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company had no reserves available for distribution as at 30th June, 2007 and 30th June, 2006.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30th June, 2007

### 29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30th June, 2007 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital held by the Group %	Principal activities
Ancora Worldwide Limited*	British Virgin Islands	US\$100	100	Investment holding
Best Time Investments Limited	Hong Kong	HK\$2	100	Investment holding
Best Victory Trading Limited*	Hong Kong	HK\$2,000,000	100	Distribution of electrical consumer products, computer related products and electronic components
Capital Ace Holdings Limited*	British Virgin Islands	US\$1	100	Investment holding
Chiefast Company Limited*	British Virgin Islands	US\$1	100	Investment holding
Digital World Finance Limited*	Hong Kong	HK\$1,000,000	100	Money lending
Dynamic Rich Limited*	British Virgin Islands	US\$100	100	Investment holding
e-Win Technologies Limited	Hong Kong	HK\$2	100	Trading of supply chain management system software
Fast Track United Limited*	British Virgin Islands	US\$1	100	Investment holding
Fullscale Enterprises Limited	British Virgin Islands	US\$1	100	Asset holding
Harvest (HK) Limited	Hong Kong	HK\$100	100	Trading of lubricant oil additives
Jet United Investment Limited*	Hong Kong	HK\$1	100	Investment holding
Money Link Investment Holdings Limited*	British Virgin Islands	US\$2	100	Investment holding
Sinocham Eco-Industrial Company Limited*	Hong Kong	HK\$1,000,000	100	Trading of playground equipment and accessories

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the year ended 30th June, 2007

**29. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)**

<b>Name of subsidiary</b>	<b>Place of incorporation or registration/ operations</b>	<b>Nominal value of issued and fully paid share capital/ registered capital</b>	<b>Percentage of issued share capital/ registered capital held by the Group</b>	<b>Principal activities</b>
			<b>%</b>	
Trade Win Limited	Hong Kong	HK\$2	100	Investment holding
Vital Tech Company Limited*	British Virgin Islands	US\$1,000	100	Investment holding
Wing Kit Worldwide Limited*	British Virgin Islands	US\$1,000	100	Investment holding
World Express Investment Limited*	British Virgin Islands	US\$1,000	100	Investment holding

Other than those subsidiaries with an “\*” which are directly held by the Company, all the subsidiaries are indirectly held.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

## FINANCIAL SUMMARY

### RESULTS

	For the year ended 30th June,				2007 HK\$'000
	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Turnover	25,038	11,258	29,250	30,458	<b>25,937</b>
(Loss) profit for the year	(118,440)	(109,775)	(48,708)	(13,798)	<b>103</b>
Attributable to:					
Equity holders of the Company	(118,440)	(109,309)	(48,708)	(13,798)	<b>103</b>
Minority interests	–	(466)	–	–	–
	(118,440)	(109,775)	(48,708)	(13,798)	<b>103</b>

### NET ASSETS

	At 30th June,				2007 HK\$'000
	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Total assets	157,162	87,046	31,030	17,584	<b>27,430</b>
Total liabilities	(11,710)	(18,233)	(10,925)	(11,277)	<b>(9,246)</b>
	145,452	68,813	20,105	6,307	<b>18,184</b>
Equity attributable to equity holders of the Company	144,989	68,813	20,105	6,307	<b>18,184</b>
Minority interests	463	–	–	–	–
	145,452	68,813	20,105	6,307	<b>18,184</b>

Note: Prior period figures have been restated to reflect the change in the presentation of minority interests pursuant to the application of new HKFRSs during the year ended 30th June, 2006.