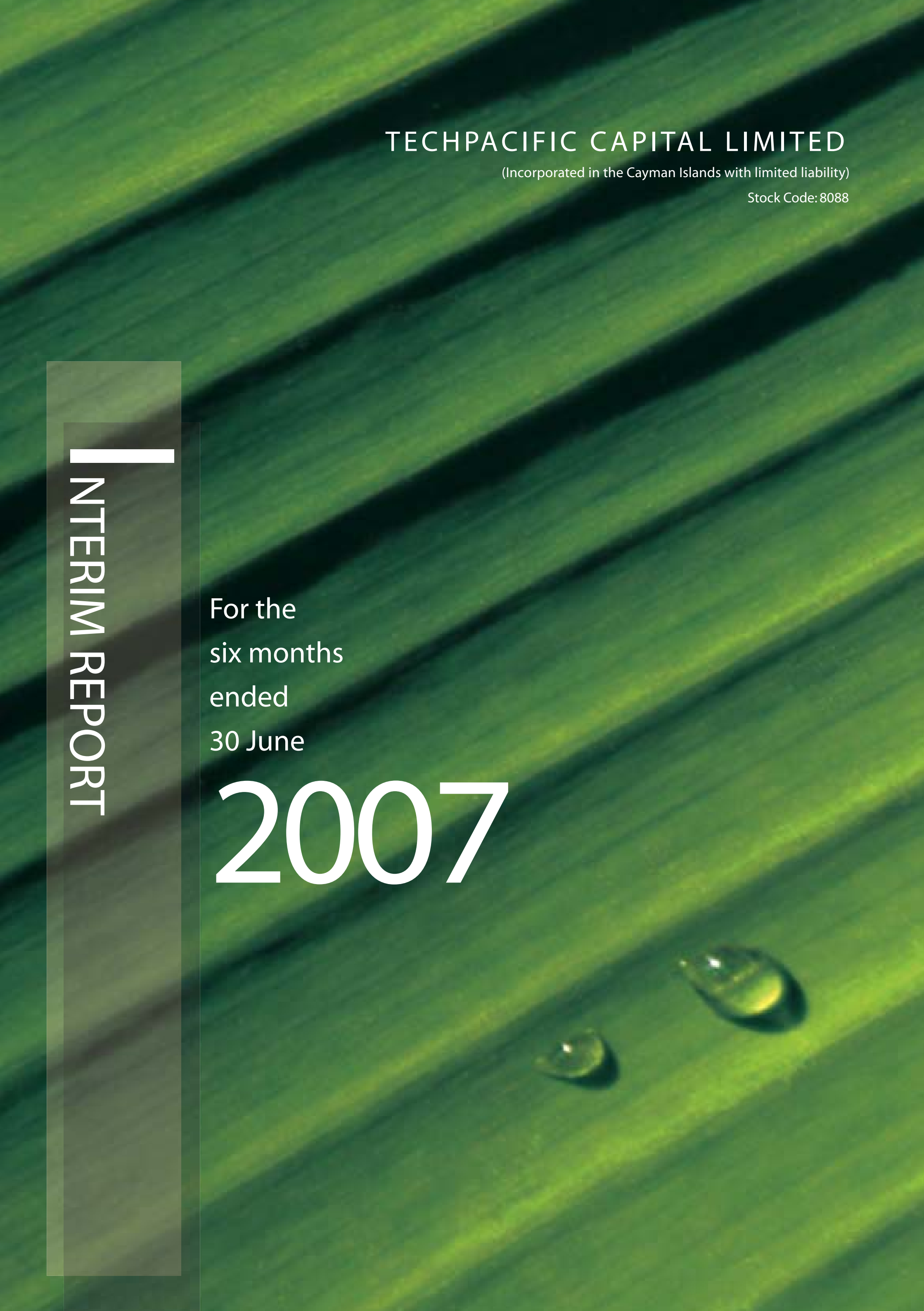

TECHPACIFIC CAPITAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8088

INTERIM REPORT

For the
six months
ended
30 June

2007

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange").

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

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

ABOUT TECHPACIFIC CAPITAL LIMITED

Techpacific Capital Limited ("Techpacific" or the "Company" and, together with its subsidiaries, the "Group") is an independent merchant banking and asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with offices in China, Singapore, the United Kingdom and representation in other parts of Asia.

The Group is engaged in the businesses of merchant banking, asset management, venture capital fund management and direct investment. Its subsidiary, Crosby Capital Partners Inc. ("Crosby"), which carries out the Group's merchant banking and asset management business, is quoted on the AIM Market of the London Stock Exchange (CSB LN).

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Group is disappointed to report a loss for the six months of 2007 of US$42.9 million when compared to a profit of US$39.1 million for the same period last year. The loss for the quarter under review was US$8.5 million and for the first quarter of 2007 was US$34.4 million.

The loss for the six months of 2007 is mainly attributable to three factors: (i) US$23.9 million unrealized mark to market book loss within the Group's 81.04% subsidiary, Crosby, due to the decrease over the period in the share price of its investment in JASDAQ listed IB Daiwa Corporation ("IB Daiwa", 3587 JP) from ¥76 at 31 December 2006 to ¥50 at 30 June 2007 (ii) a provision for the impairment of US$15 million against the proportion of the Group's funding related to the exploration costs of the Big Mouth Bayou well made during the first quarter of 2007, and to offset these losses (iii) a net gain of approximately US$15 million on Crosby's investment in AIM quoted Indago Petroleum Limited ("Indago", IPL LN) mainly as a result of a dividend declared during the quarter under review.

The decline in the share price of IB Daiwa follows delays in production and disappointing drilling results at Lodore US Holdings Inc. ("Lodore"), IB Daiwa's subsidiary engaged in high risk/high impact oil and gas exploration which were fully explained in the Company's report for the first quarter of 2007. However, management is pleased to note the positive developments at IB Daiwa's other main subsidiary, Leed Petroleum PLC ("Leed", formerly Darcy Energy Holdings UK, Ltd.). In August 2007 (after the close of the period of review), Leed announced that it had raised US$100 million of new capital and would list on AIM with a market capitalisation of approximately US$239 million. As a consequence of this transaction, IBD will book a gain on deemed disposal of approximately US$30 million and remains to be the largest shareholder of Leed. The Group continues to own 24.02% of IB Daiwa as at 30 June 2007.

In 2006, the Group invested US$42.5 million of the proceeds from the convertible bond for working interests in a portfolio of three high-impact/high-risk deep oil and gas prospects in Louisiana, USA – Big Mouth Bayou, Endeavor and North West Kaplan. An update on the development of these prospects is provided in the Divisional Review section below.

In February 2007, Dragon Fund Inc., a fund managed by Crosby Asset Management and owned by the Group, subscribed for a placement of new shares issued by Fermiscan Holdings Limited ("Fermiscan", FER AU), a healthcare company whose shares are quoted on the Australian Securities Exchange ("ASX"). In April 2007, Crosby announced that it had signed a memorandum of understanding covering the commercialisation of Fermiscan's test for the detection of breast cancer in the Japanese market.

In March 2007, the Group's Merchant Banking business, through Eskdale Petroleum Pty Limited ("Eskdale"), successfully completed the US$130 million take-over of Orchard Petroleum Ltd. ("Orchard"), an oil and gas exploration and production company with assets in the US whose shares were quoted on ASX. The acquisition was financed by a combination of senior debt and convertible preference shares provided by a small group of investors including Crosby Active Opportunities Fund ("CAOF"). The Group has earned a significant stake in the privatised company and once the acquisition finance has been repaid will own 23.75% of the equity of Orchard.

During the six months of 2007, the Group's Asset Management business increased its assets under management ("AUM") by 32% to over US$1.5 billion and turnover rose to US$12.2 million (compared with US$3.5 million in the same period during the previous year). CAOF, launched in December 2006, recorded a net return of 16.3% for the first six months of the year and succeeded in attracting further subscriptions. In May 2007, Crosby invested US$5 million into CAOF.

There was also solid progress made during the six months towards monetising the value within the Group's investment portfolio as Indago announced the sale of a portfolio of oil and gas assets. Following the sale, which completed in April 2007, Indago issued a special dividend resulting in a net cash inflow to Crosby of approximately US$17.4 million whilst still retaining further upside through owning the still listed shares of Indago.

Total operating expenses (excluding fair value loss on financial assets, provision for impairment against exploration prospects and finance costs) for the six months ended 30 June 2007 were US$31.6 million compared with US$38.3 million for the same period last year. This decrease for the six months under review has mainly arisen from a decrease in administrative expenses to US$26.9 million from US$35.6 million for the same period last year. Approximately US$12.5 million of the decrease in administrative expenses, compared to the comparative six months last year, relates to staff costs due to decreases in accruals for performance related compensation, this was partially offset by increase in commission of US$2.9 million directly related to the increase in the level of CWM's business and the increase in non-cash charges of US$0.8 million related to the employee share option scheme. Additionally, the decrease in administrative expenses, compared to the comparative six months last year, is also attributable to the banking, legal and professional fees associated with the issuance of the convertible bond in March 2006 and the subsequent acquisition of the interest in oil and gas exploration prospects.

The credit to the consolidated income statement for minority interests for the six months under review of US$4.3 million is mainly made up, within the Crosby Group, of the minority shareholders of Silk Route Petroleum Limited's, 43.4% interest in the revaluation gain of Indago of US$6.4 million and the minority shareholders of CWM interest in its profits of US$3.7 million, these were partially offset by the 18.96% minority shareholders share of the losses of Crosby of US$5.0 million and, within the Crosby Group, US$0.8 million related to the minority shareholders of Eskdale interest in Orchard.

DIVISIONAL REVIEW

Technology Venture Capital Management

The Group manages the Hong Kong SAR Government's Applied Research Fund ("ARF") through the Softech Investment Management Company Limited ("Softech"). Softech is a 50:50 joint venture with Softbank China Venture Investments Limited. The ARF is a HK$750 million fund with the objective of providing funding support to Hong Kong based technology ventures and research and development projects that have commercial potential. The long-term objective of the fund is to increase Hong Kong's technological capability and enhance the competitiveness of local industries with the aim of promoting higher value-added economic development in Hong Kong. Softtech was allocated HK$250 million of the fund for management.

Direct Investments – Oil and Gas Investments

In April 2006, shareholders approved the commitment of US$42.5 million to acquire working interests in three high impact/high risk deep gas exploration prospects, Big Mouth Bayou, Endeavor and North West Kaplan, on-shore in Louisiana USA.

At the Big Mouth Bayou well, Lodore is now seeking to farm-out the prospects in the deeper zones.

At the Endeavor prospect, drilling progress has been delayed due to three separate well control events caused by high pressure kicks which necessitated the drilling of sidetracks. The costs related to these events were largely covered by insurance. On 19 June 2007, the Company announced that the current plan was to drill the third sidetrack back to a depth of approximately 18,000 feet where a further string of expandable liner would be set and then the well drilled on to beyond the depth where the last high pressure kick was experienced.

The drilling of the well at North West Kaplan is scheduled to commence following the completion of the drilling at Endeavor.

Direct Investments – Other

On 16 February 2007, the Group's 100% owned subsidiary Dragon Fund Inc. (a fund managed by Crosby Asset Management) entered into an agreement to subscribe for 8.5 million new shares of Fermiscan ("Fermiscan", FER AU), whose shares are quoted on the ASX, at A$1.50 per share for a total consideration of A$12.75 million. Fermiscan is a healthcare company developing a non-invasive diagnostic test for the detection of breast cancer. Among the 8.5 million shares, 2.7 million of these shares had been placed to a number of independent third parties on substantially the same terms and conditions leaving the Group with a direct interest of 5.8 million shares of Fermiscan at that date. Further details concerning Fermiscan are provided below in the Merchant Banking section.

The Group continues to hold some legacy technology direct investments, the investment cost of which was fully written off at the end of 2002. In particular, the Group owns 523,528 shares of White Energy Company Limited ("White Energy", WEC AU) arising from a legacy investment in Spike Network. The Group also has an additional shareholding in White Energy arising from the recent involvement of the Group's Merchant Banking team. Further details concerning White Energy are provided below in the Merchant Banking section. The Group also owns 20,276,384 shares of Upstream Marketing and Communications Inc. ("Upstream", UPS LN) arising from a legacy investment in Upstream Asia Limited. Upstream is a leading Asia Pacific-focused corporate and marketing communications services network firm. Upstream is well positioned to meet Asia's growing demand for branding and communication services with offices in Bejing, Shanghai, Hong Kong, Singapore, Sydney and Taipei. In March 2007, Upstream announced the acquisition of Macro Consulting renamed Upstream Australia whose focus is the Australian market. In April 2007, Upstream announced that it had formed a strategic alliance with Siren Films, a creative and multi-platform production house offering commercial production and programming expertise.

Merchant Banking

Orchard

The Crosby led takeover of Orchard by Eskdale was completed in March 2007. At the offer price, Orchard had a market capitalisation of approximately US$130 million. In addition to the US$50 million bank financing provided by Commonwealth Bank of Australia, Eskdale funded its acquisition through the issue of preference shares to a small group of investors including CAOF. In return for the initial acquisition work and for structuring, leading and executing the takeover on behalf of the small group of investors, the Group will own 23.75% of the bid vehicle after repayment of the acquisition financing.

On 23 May 2007, Orchard entered into a Property Exchange Agreement with Livingstone Petroleum Ltd (LPL AU) in respect of certain interests in oil and gas leases in Sacramento and San Joaquin Basin, California. The agreement consolidates Orchard's interests on projects with established production and relatively low risk development prospects, and provides Orchard with critical mass within its operations in the Sacramento Basin, increasing efficiencies within this project.

The second half of 2007 will see Orchard continuing its drilling programme to migrate existing reserves from 3P to 2P and 1P, and pursuing further consolidation of its asset portfolio.

Fermiscan

Fermiscan has the exclusive worldwide patent to commercialise a breast cancer test which is based on analysing the molecular structure of a person's hair to detect cancer. The test is far less invasive than alternative procedures such as mammograms, ultra sounds and biopsies, and is suitable for women from a wide range of ages, whilst the mammogram is generally regarded as only being suitable for women above the age of 40.

Trial results to date have demonstrated that the test has the potential to become a reliable non-invasive screening alternative in the detection of breast cancer. Subject to a positive outcome to this trial, Fermiscan will begin commercialisation in Australia and in licensee countries towards the end of the year.

On 26 April 2007, Crosby announced that it had signed a memorandum of understanding covering the commercialisation of Fermiscan's test for breast cancer in the Japanese market. The completion of the Japan feasibility study is scheduled for the second half of the year, after which, subject to Crosby and Fermiscan reaching satisfactory commercial agreement, Crosby will be the Japanese licensee for a period of 10 years (with an option to extend).

The number of annual screening mammograms in Japan is estimated at 14 million and Fermiscan and Crosby estimate that the target population of women in Japan suitable for the test is at least 38 million. With the many benefits that the test offers over mammograms and other more invasive procedures the market potential is significant by any measure.

Marathon

In July 2006, Crosby led a cash offer for ASX listed uranium miner Marathon Resources Ltd. ("Marathon", MTN AU) at A$0.68 per share, a premium of 23.6% to the previous day's close. On 9 March 2007, the offer was increased to A$3.52 per share, a 6.7% premium to the previous day's closing price. At A$3.52, Marathon had a market capitalisation of approximately US$161 million. This revised offer was allowed to expire on 4 July 2007 at which time the Marathon stock price closed at A$6.68 per share.

Asset Management

During the six months ended 30 June 2007, assets under management ("AUM") increased by 32% to over US$1.5 billion and turnover rose to US$12.3 million (compared with US$3.7 million in the same period during the previous year). The continued growth in the Group's asset management business was driven by an exceptional performance at Crosby Wealth Management ("CWM") where AUM grew by approximately 40%, and both turnover and pre-tax profit significantly outperformed budget.

CAOF returned a net 16.3% during the six months ended 30 June 2007 and closed the period with approximately US$90 million of AUM. Since CAOF's inception in December 2006, it has made five investments and has successfully exited one of these investments and realized gains from the partial sale of another. The net asset value of CAOF as at 30 June 2007, after adjusting for all fees and expenses, was US$1,166.11 per share, up 16.6% since inception.

Investment Portfolio

The Group's investment portfolio largely consists of its equity stakes derived from Merchant Banking transactions. The Group's largest listed positions are a 24.02% equity holding in JASDAQ listed IB Daiwa (3587 JP), a 6.23% equity holding in AIM-listed Indago (IPL LN) and a 2.15% equity holding in ASX-listed White Energy Company Limited ("White Energy", WEC AU). Further details of the investment portfolio can be found in Note 15 to the interim financial information.

IB Daiwa

Darcy

In February 2007, Darcy raised US$18 million by issuing news shares that represented 13.4% of the then enlarged share capital. This fundraising provided capital to develop the Grand Isle acquisition and to pursue further growth opportunities. Also in February 2007, the B4 well at East Cameron Block 318 commenced production having discovered commercial quantities of gas. In April, May and June 2007, Darcy acquired additional production, development and exploration assets including 100% working interests in certain Sorrento Dome leases in onshore Louisiana USA and Eugene Island exploration leases offshore from Loiusanna in the Gulf of Mexico. Following these acquisitions, Darcy's audited reserves increased to 36 bcfe, 95 bcfe and 320 bcfe on a 1P, 2P and 3P basis respectively. Since IB Daiwa's acquisition of Darcy in December 2005, the 1P, 2P and 3P reserves have increased by 175%, 290% and 680% respectively.

These acquisitions provide Darcy with additional acreage for development and exploration, an increase in producing assets and a base from which to expand its operational capabilities. To raise capital to fully exploit the newly acquired assets and to enable Darcy to further develop its existing portfolio, whilst pursuing new business opportunities, IB Daiwa announced on 25 June 2007 that Darcy had commenced procedures for the initial public offering of Darcy on AIM. Following the period under review, to facilitate its initial public offering, Darcy changed its name to Leed on 24 July 2007. Leed (LDP LN) is scheduled to be admitted to AIM on 15 August 2007 having raised approximately US$100 million of new capital. At the offer price, Leed has a market capitalisation of approximately US$239 million. Following Leed's admission to AIM, IB Daiwa's shareholding in Leed will be 41.7%. At the offer price, IB Daiwa's initial equity investment of US$10.2 million has increased by approximately 880% to US$100 million. As a consequence of the transaction, IB Daiwa will book a gain on deemed disposal of about US$30 million.

Lodore

Given the delays in certain exploration projects and cost-over-runs, and constraints faced by Lodore Delaware Petroleum LLC ("Lodore") raising financing, Lodore has found it necessary to seek to farm out certain high priority prospects whilst opting out of certain lower priority projects. Under these circumstances, Lodore decided to take a prudent approach and provide against the exploration costs for certain projects and, consistent with this approach IB Daiwa decided to write down Lodore-related goodwill. This resulted in IB Daiwa issuing a further revision to its financial forecast for the year ended 31 March 2007.

Progress at Big Mouth Bayou, Endeavor and North West Kaplan are detailed above in the context of the Group's direct investment.

Drilling and testing of the three deepest zones at Plum Deep, the first well at Padre Island, were completed during the six months under review and it was determined that the zones were non-commercial. The testing of the shallowest zone is scheduled for the second half of the year.

Indago

In March 2007, Indago announced that it had agreed, subject to shareholder approval to dispose of 100% of its production and development assets and approximately 50% of its exploration assets. Following the completion of the sale, Indago also announced that it would declare a special dividend of 60 pence per share and consolidate its shares on a 5 for 1 basis. The net effect of this is that, net of minority interests, Crosby received approximately US$17.4 million of cash in April 2007, whilst still retaining further upside through owning the still listed shares of Indago (post share consolidation). Indago still holds the remaining exploration assets plus sufficient cash to undertake its exploration programme. At 30 June 2007, the quoted market price of Indago was £1.035 per share.

White Energy

On 10 May 2007, White Energy announced that BHP Billiton, the world's largest diversified resources company, plans to use its coal upgrade process for its vast sub-bituminous reserves. Additionally, BHP agreed to provide US$35 million in convertible loan financing that will enable White Energy to accelerate the roll out of its patented coal technology and to act as White Energy's exclusive global marketing agent for upgraded export coal produced at its coal technology plants. White Energy owns the worldwide license to a coal briquetting process that increases the energy efficiency of low quality coal. At 30 June 2007, the quoted market price of White Energy was A$2.9 per share.

EMPLOYEE INFORMATION

As at 30 June 2007, the Group had 64 full-time employees, which increased from 57 at the beginning of the six months then ended. Employee remuneration (including directors' remuneration) totaled US$24.9 million for the six months ended 30 June 2007. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the framework of the Group's salary and bonus system.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of Corporate Governance and follows the principals set out in the Code of Best Practice for GEM listed companies as set out in Appendix 15 of the Listing Rules (the "Code"). The Company has no deviations from the code provisions as set out in the Code.

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

Grant Thornton
均富會計師行

Certified Public Accountants
Member of Grant Thornton International

To the board of directors of Techpacific Capital Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 8 to 25 which comprises the consolidated balance sheet of Techpacific Capital Limited (the "Company") as of 30 June 2007 and the related consolidated income statement, consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors are responsible for the preparation and fair presentation of this interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2007 is not prepared, in all material respects, in accordance with IAS 34.

Grant Thornton

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

9 August 2007

RESULTS

The board of directors (the "Board") of the Company announces the unaudited consolidated results of the Group for the six months and three months ended 30 June 2007 (the "Review Periods"), together with the comparative unaudited figures of the corresponding periods in 2006, as follows:

CONSOLIDATED INCOME STATEMENT

For the six months and three months ended 30 June 2007

		Unaudited six months ended 30 June		**Unaudited three months ended 30 June**	
	Notes	**2007** *US$'000*	**2006** *US$'000 Restated (Note 16 (ii))*	**2007** *US$'000*	**2006** *US$'000 Restated (Note 16 (ii))*
Turnover/Revenue	*4*	12,480	3,954	7,084	2,150
(Loss)/Gain on financial assets at fair value through profit or loss	*15*	(3,075)	81,091	4,754	40,308
Loss on financial liabilities at fair value through profit or loss	*16*	(893)	(413)	(925)	(208)
Provision for impairment of interest in oil and gas exploration prospects	*12*	(15,000)	–	–	–
Other income	*5*	1,030	3,125	418	1,234
Administrative expenses		(26,898)	(35,596)	(13,420)	(19,092)
Distribution expenses		(127)	(59)	(122)	(30)
Other operating expenses		(4,606)	(2,622)	(1,432)	(610)
(Loss)/Profit from operations	*6*	(37,089)	49,480	(3,643)	23,752
Finance costs	*8*	(608)	(1,842)	(313)	(1,457)
Excess over the cost of acquisition of a subsidiary		–	959	–	959
Share of losses of associates		(80)	(109)	(26)	(53)
Share of profit/(loss) of a jointly controlled entity		30	5	15	(9)
(Loss)/Profit before taxation		(37,747)	48,493	(3,967)	23,192
Taxation	*9*	(937)	(97)	(899)	(71)
(Loss)/Profit for the period		(38,684)	48,396	(4,866)	23,121
Attributable to:					
Equity holders of the Company		(42,945)	39,092	(8,553)	18,486
Minority interests		4,261	9,304	3,687	4,635
(Loss)/Profit for the period		(38,684)	48,396	(4,866)	23,121
Dividend		–	–	–	–
(Loss)/Earnings per share attributable to equity holders of the Company	*10*	*US cents*	*US cents*	*US cents*	*US cents*
– Basic		(1.28)	1.33	(0.25)	0.61
– Diluted		N/A	1.31	N/A	0.59

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	630	520
Interests in associates		578	653
Interest in a jointly controlled entity		45	135
Available-for-sale investments		5,571	516
Interest in oil and gas exploration prospects	12	27,500	42,500
Intangible assets	13	488	488
		34,812	44,812
Current assets			
Loan to and amounts due from investee companies		8,439	7,989
Trade and other receivables	14	5,111	4,588
Financial assets at fair value through profit or loss	15	69,707	131,245
Cash and cash equivalents		21,131	25,611
		104,388	169,433
Current liabilities			
Other payables and accrued charges		17,031	17,210
Deferred income		60	–
Provision for taxation		999	99
Current portion of obligations under a finance lease		2	5
Financial liabilities at fair value through profit or loss	16	2,670	11,406
		20,762	28,720
Net current assets		83,626	140,713
Total assets less current liabilities		118,438	185,525
Non-current liabilities			
Convertible bond	17	18,011	17,403
		18,011	17,403
Net assets		100,427	168,122
EQUITY			
Share capital	18	3,359	3,359
Reserves	19	78,088	118,465
Equity attributable to equity holders of the Company		81,447	121,824
Minority interests		18,980	46,298
Total equity		100,427	168,122

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Capital redemption reserve US$'000	Employee share-based compen-sation reserve US$'000	Investment revaluation reserve US$'000	Foreign exchange reserve US$'000	Convertible bond reserve US$'000	(Accumul-ated losses)/ Retained profits US$'000	Minority interests US$'000	Total equity US$'000
At 1 January 2007	3,359	106,875	4,872	20	5,075	173	30	–	1,420	46,298	168,122
Surplus on revaluation	–	–	–	–	–	49	–	–	–	6	55
Exchange differences on consolidation	–	–	–	–	–	–	175	–	–	41	216
Net income recognised directly in equity	–	–	–	–	–	49	175	–	–	47	271
(Loss)/Profit for the period	–	–	–	–	–	–	–	–	(42,945)	4,261	(38,684)
Total recognised income and expenses for the period	–	–	–	–	–	49	175	–	(42,945)	4,308	(38,413)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	226	226
Employee share-based compensation	–	–	–	–	2,406	–	–	–	–	87	2,493
Effect on exercising share options of a subsidiary	–	–	–	–	(62)	–	–	–	–	(14)	(76)
Disposal of a subsidiary *(Note 22)*	–	–	–	–	–	–	–	–	–	(12,586)	(12,586)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	(19,339)	(19,339)
At 30 June 2007 (Unaudited)	3,359	106,875	4,872	20	7,419	222	205	–	(41,525)	18,980	100,427
At 1 January 2006	2,803	52,853	9,241	11	778	36	(188)	–	62,129	46,495	174,158
Surplus on revaluation	–	–	–	–	–	134	–	–	–	–	134
Exchange differences on consolidation	–	–	–	–	–	–	93	–	–	21	114
Net income recognised directly in equity	–	–	–	–	–	134	93	–	–	21	248
Profit for the period	–	–	–	–	–	–	–	–	39,092	9,304	48,396
Total recognised income and expenses for the period	–	–	–	–	–	134	93	–	39,092	9,325	48,644
Issue of new shares upon exercise of share options	3	16	–	–	(3)	–	–	–	–	–	16
Issue of convertible bond *(Note 17)*	–	–	–	–	–	–	–	4,793	–	–	4,793
Issue of new shares upon conversion on convertible bond	557	54,443	(4,369)	–	–	–	–	(4,793)	–	–	45,838
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	1,704	1,704
Employee share-based compensation	–	–	–	–	1,528	–	–	–	–	128	1,656
Effect on exercising share options of a subsidiary	–	–	–	–	(313)	–	–	–	–	235	(78)
Repurchase of subsidiary's own shares by a subsidiary	–	–	–	–	–	–	–	–	–	(125)	(125)
Capital contribution from minority shareholders	–	–	–	–	–	–	–	–	–	130	130
At 30 June 2006 (Unaudited)	3,363	107,312	4,872	11	1,990	170	(95)	–	101,221	57,892	276,736

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

		Unaudited six months ended 30 June	
	Note	**2007** *US$'000*	**2006** *US$'000*
Net cash inflow/(outflow) from operating activities		27,501	(5,233)
Net cash outflow from investing activities	*22*	(18,402)	(21,088)
Net cash (outflow)/inflow from financing activities		(13,567)	64,675
Net (decrease)/increase in cash and cash equivalents		(4,468)	38,354
Cash and cash equivalents at beginning of the period		25,611	15,240
Effect of exchange rate fluctuations, net		(12)	11
Cash and cash equivalents at end of the period		21,131	53,605

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT

1. Basis of preparation

The Company acts as the holding company of the Group. The Group is principally engaged in the business of merchant banking, asset management, venture capital fund management and direct investment. The Company is incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is 2701, Citibank Tower, 3 Garden Road, Central, Hong Kong.

The Board has adopted International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board. The unaudited interim financial information complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited interim financial information has been prepared under historical cost basis except for certain financial instruments which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited interim financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim financial information, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2006.

The interim financial report for the six months ended 30 June 2007 is unaudited but has been reviewed by the audit committee of the Company and the Company's auditors, Grant Thornton, in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

2. Principal accounting policies

The unaudited interim financial information has been prepared in accordance with the IFRS, including International Accounting Standard 34 "Interim Financial Reporting".

The principal accounting policies adopted to prepare the unaudited interim financial information are consistent with those adopted to prepare to the Company's annual audited consolidated financial statements for the year ended 31 December 2006.

3. *Segmental information*

(a) Primary reporting format – business segments:

	Merchant banking		Asset management		Direct investment		Unallocated		Consolidated	
	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Unaudited six months ended 30 June 2006 *US$'000*
Turnover/Revenue	133	273	12,347	3,681	–	–	–	–	12,480	3,954
Segment results	(14,635)	70,890	4,425	(3,877)	(16,973)	(578)	–	–	(27,183)	66,435
Unallocated operating loss	–	–	–	–	–	–	(9,906)	(16,955)	(9,906)	(16,955)
(Loss)/Profit from operations	(14,635)	70,890	4,425	(3,877)	(16,973)	(578)	(9,906)	(16,955)	(37,089)	49,480
Finance costs									(608)	(1,842)
Excess over the cost of acquisition of a subsidiary									–	959
Share of losses of associates									(80)	(109)
Share of profit of a jointly controlled entity									30	5
(Loss)/Profit before taxation									(37,747)	48,493
Taxation									(937)	(97)
(Loss)/Profit for the period									(38,684)	48,396

	Merchant banking		Asset management		Direct investment		Unallocated		Consolidated	
	Unaudited six months ended 30 June 2007 *US$'000*	Audited year ended 31 December 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Audited year ended 31 December 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Audited year ended 31 December 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Audited year ended 31 December 2006 *US$'000*	Unaudited six months ended 30 June 2007 *US$'000*	Audited year ended 31 December 2006 *US$'000*
Segment assets	76,497	137,325	11,579	5,056	45,471	68,438	–	–	133,547	210,819
Unallocated assets	–	–	–	–	–	–	5,653	3,426	5,653	3,426
Total assets	76,497	137,325	11,579	5,056	45,471	68,438	5,653	3,426	139,200	214,245
Segment liabilities	3,854	16,488	2,270	593	20,858	19,988	–	–	26,982	37,069
Unallocated liabilities	–	–	–	–	–	–	11,791	9,054	11,791	9,054
Total liabilities	3,854	16,488	2,270	593	20,858	19,988	11,791	9,054	38,773	46,123
Other information										
Capital expenditure	14	11	14	46	2	–	260	140	290	197
Depreciation *(Note 11)*	34	66	30	61	–	–	114	186	178	313
Impairment of goodwill *(Note 13)*	–	–	–	237	–	–	–	–	–	237
Impairment of receivables	–	221	–	–	–	–	–	–	–	221

Notes:

(i) Merchant banking – provision of corporate finance and other advisory services and the changes in fair value of financial assets and liabilities through profit or loss arising from the Group's merchant banking activities.

(ii) Asset management – provision of venture capital fund management, asset management and wealth management services.

(iii) Direct investment – investments in the exploration prospects and technology related companies.

(iv) Unallocated – primarily items related to corporate offices.

(b) Secondary reporting format – geographical segment:

The Group's activities are mainly operated or carried out in Asia.

4. *Turnover/Revenue*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007 *US$'000*	**2006** *US$'000*	**2007** *US$'000*	**2006** *US$'000*
Corporate finance and other advisory fees	133	273	133	273
Fund management fee income	1,065	586	569	344
Wealth management services fees	11,282	3,095	6,382	1,533
	12,480	3,954	7,084	2,150

5. *Other income*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007 *US$'000*	**2006** *US$'000*	**2007** *US$'000*	**2006** *US$'000*
Bad debts recovery	66	22	–	22
Bank interest income	473	991	246	693
Fees on redemption and arrangement of loans	105	1,400	30	200
Gain on deemed disposal of an associate	–	75	–	75
Gain on deemed disposal of a subsidiary	101	–	–	–
Other interest income	159	536	90	201
Others	126	101	52	43
	1,030	3,125	418	1,234

6. *(Loss)/Profit from operations*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007	2006	2007	2006
	US$'000	*US$'000*	*US$'000*	*US$'000*
(Loss)/Profit from operations is arrived at after charging:				
Auditors' remuneration	119	189	67	146
Depreciation				
– owned assets	171	161	94	74
– asset held under a finance lease	7	7	3	3
Employee benefit expense (including directors' remuneration) *(Note 7)*	24,921	32,777	12,531	17,491
Loss on deemed disposal of a subsidiary	449	382	449	–
Operating lease charges in respect of rented premises	538	292	251	170

7. *Employee benefit expense (including directors' remuneration)*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007	2006	2007	2006
	US$'000	*US$'000*	*US$'000*	*US$'000*
Fees	80	50	40	30
Salaries, allowances and benefits in kind	5,717	4,872	2,977	2,674
Commission paid and payable	4,276	1,393	2,422	890
Bonus paid and payable	12,193	24,669	6,027	12,393
Share-based compensation expense	2,493	1,657	996	1,430
Retirement fund contributions	56	42	25	22
Social security costs	106	94	44	52
	24,921	32,777	12,531	17,491

8. *Finance costs*

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007	2006	2007	2006
	US$'000	*US$'000*	*US$'000*	*US$'000*
Effective interest expense on convertible bond *(Note 17)*				
– wholly repayable within five years	608	1,012	313	797
Interest expenses and redemption fees on other loans (secured) – wholly repayable within five years	–	830	–	660
	608	1,842	313	1,457

9. Taxation

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Current tax				
– Hong Kong	918	–	898	–
– Overseas	19	97	1	71
	937	97	899	71

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong for the three months and six months ended 30 June 2007. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential tax assets is uncertain.

10. (Loss)/Earnings per share attributable to equity holders of the Company

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Consolidated (loss)/profit attributable to equity holders of the Company	(42,945)	39,092	(8,553)	18,486

	Unaudited six months ended 30 June		Unaudited three months ended 30 June	
	2007	2006	2007	2006
(Number)				
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	3,358,881,256	2,930,038,507	3,358,881,256	3,048,541,162
Effect of dilutive potential ordinary shares:				
Share options	3,832,986	59,563,880	3,832,986	59,563,880
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	3,362,714,242	2,989,602,387	3,362,714,242	3,108,105,042

No diluted loss per share is shown for the three months and six months ended 30 June 2007 as the outstanding share options were anti-dilutive.

11. *Property, plant and equipment*

	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
Net book amount at 1 January	520	630
Additions	290	197
Disposals	(2)	(2)
Exchange differences	–	8
Depreciation for the period/year *(Note 6)*	(178)	(313)
Net book amount at 30 June/31 December	630	520

12. *Interest in oil and gas exploration prospects*

	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
Carrying amount at 1 January	42,500	–
Acquisition	–	42,500
Impairment for the period/year	(15,000)	–
Carrying amount at 30 June/31 December	27,500	42,500

On 9 March 2006, Coniston International Capital Limited ("Coniston", a wholly-owned subsidiary of the Company) entered into the Exploration Funding Agreement with Lodore Delaware Petroleum LLC ("Lodore"), which was the surviving entity following a merger with Lodore Resources Inc. in August 2006, to acquire a 35% working interest in three oil and gas prospects, namely Big Mouth Bayou, Endeavor and North West Kaplan, located in Cameron Parish and Vermilion Parish in Louisiana in the United States (the "Exploration Prospects"), for total cash consideration of US$42,500,000.

Lodore has a 75% working interest in the Exploration Prospects pursuant to agreements with Pel-Tex Oil Company L.L.C. ("Pel-Tex"), the operator of the Exploration Prospects. Lodore bears 100% of the drilling costs in relation to the Exploration Prospects up to the proposed total depth of the respective wells drilled on the Exploration Prospects and 75% of the costs in respect of the activities associated with completing a drilled well in order to establish the flow of hydrocarbons and the construction of any surface facilities that may be required to enable any such hydrocarbons to be sold. Pel-Tex is responsible for all operational functions relating to the Exploration Prospects. Lodore is responsible for obtaining financing and providing technical expertise in relation to the exploration of the Exploration Prospects.

The Big Mouth Bayou well was completed as a discovery but failed to flow at commercial rates. Currently the well is suspended pending a decision on further exploration drilling within the leases which would require further capital. As a consequence of these events and circumstances, the Group has provided for impairment in full in the amount of US$15 million against the proportion of its funding related to the exploration costs of this well.

At the Endeavor prospect, drilling is still in progress. Drilling at North West Kaplan will commence after operations at Endeavor have been completed. Accordingly, the Directors do not consider that any provision for impairment is necessary at 30 June 2007 against the proportion of its funding related to these prospects totaling US$27.5 million.

13. Intangible assets

	Unaudited 30 June 2007 *US$'000*	Audited 31 December 2006 *US$'000*
Carrying amount at 1 January	488	562
Acquisition of trademark	–	7
Additional investment in a subsidiary	–	156
Impairment for the period/year	–	(237)
Carrying amount at 30 June/31 December	488	488

14. Trade and other receivables

	Unaudited 30 June 2007 *US$'000*	Audited 31 December 2006 *US$'000*
Trade receivables – gross	3,408	930
Less: Impairment losses	(157)	(221)
Trade receivables – net	3,251	709
Other receivables – gross	1,142	3,164
Less: Impairment losses	(592)	(594)
Other receivables – net	550	2,570
Deposits and prepayments	1,310	1,309
	5,111	4,588

The Group allows a credit period ranging from 15 to 45 days to its asset management clients.

The aging analysis of trade receivables based on invoice date and net of provisions, is as follows:

	Unaudited 30 June 2007 *US$'000*	Audited 31 December 2006 *US$'000*
0 – 30 days	2,829	630
31 – 60 days	422	79
	3,251	709

15. *Financial assets at fair value through profit or loss*

	Notes	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
Held for trading			
Listed securities:			
– Equity securities – Australia	*(1) & (2)*	13,906	15,786
– Equity securities – Japan	*(3)*	41,533	65,388
– Equity securities – United Kingdom	*(4) & (5)*	9,061	42,064
Fair value of listed securities		64,500	123,238
Unlisted securities:			
– Equity securities – Australia		–	2,800
– Equity securities – British Virgin Islands	*(6) & (7)*	5,107	5,107
Fair value of unlisted securities		5,107	7,907
Sub-total		69,607	131,145
Designated as financial assets at fair value through profit or loss on initial recognition			
Unlisted securities:			
– Equity securities – United Kingdom		100	100
Total		69,707	131,245

The movements in financial assets at fair value through profit or loss are as follows:

	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
At 1 January	131,245	157,464
Additions	11,937	31,038
Transfer from disposal of a subsidiary *(Note 22)*	320	–
Disposal of a subsidiary *(Note 22)*	(15,540)	–
Other disposals	(13,140)	(30,015)
Transfer from minority interest	–	(5,141)
Dividend received	(42,040)	–
Loss on financial assets at fair value through profit or loss	(3,075)	(22,101)
At 30 June/31 December	69,707	131,245

Notes:

1. At 30 June 2007, the Group held a total of 2,659,824 shares in White Energy Company Limited ("White Energy"), listed on the Australian Stock Exchange and representing 2.15% of its issued share capital, of which 2,136,296 shares were held through its 81.04% owned subsidiary, Crosby Investment Holdings Limited and 523,528 shares were held through a 100% subsidiary techpacific.com Digital Limited, which are valued in total at US$6,547,000, arrived at on the basis of their quoted market price at 30 June 2007 of A$2.9 per share. The Group acquired 2,036,296 shares from the exercise of options during the six months ended 30 June 2007.

2. At 30 June 2007, the Group held 3,996,836 shares of Fermiscan Holdings Limited ("Fermiscan"), a company listed on the Australian Stock Exchange, representing 2.93% of its issued share capital, through a 100% subsidiary, Dragon Fund Inc.. The shares of Fermiscan held by the Group are valued at US$7,090,000 arrived at the basis of their quoted market price at 30 June 2007 of A$2.09 per share.

3. At 30 June 2007, the Group held a total of 102,425,000 shares of IB Daiwa Corporation, a JASDAQ listed Japanese company and representing 24.02% of its issued share capital, through its 81.04% owned subsidiaries, Crosby Capital Partners Limited and Sunov Crosby (Holdings) Limited ("SCH"), which are valued at US$41,533,000, arrived at on the basis of their quoted market price at 30 June 2007 of ¥50 per share.

4. At 30 June 2007, the Group held 3,322,374 shares of Indago Petroleum Limited ("Indago"), a company listed on the AIM market of the London Stock Exchange and representing 6.23% of its issued share capital, through its 81.04% subsidiary SCH. The shares held by the Group are valued at US$6,891,000 arrived at on the basis of their quoted market price at 30 June 2007 of £1.035 per share. The holding of shares in Indago were distributed from SCH's 56.6% subsidiary, Silk Route Petroleum Limited ("Silk Route"), in June 2007. Indago paid a special dividend of 60 pence per share in April 2007 resulting in a total dividend received by Silk Route of approximately US$42,040,000. Silk Route used the cash received from the dividend from Indago to settle its share of the original financing for the purchase of the underlying assets of Indago in the amount of US$9,629,000 and then, from the balance of the proceeds, paid its own cash dividend of which the share of SCH was approximately US$17,471,000. Once Silk Route had settled its share of the acquisition financing, the existing pledge over its Indago shares was released. Following this release, Silk Route sold 550,000 Indago shares realising proceeds of US$1,157,000 which were also distributed to its shareholders. The financial liability at fair value through profit or loss in respect of the original financing for the purchase of the underlying asset was separately presented in the audited consolidated financial statements of the Group for the year ended 31 December 2006 and accordingly certain comparative figures have been re-stated, as explained in detail in Note 16(ii) to the unaudited interim financial report.

5. At 30 June 2007, the Group held 20,276,384 shares of Upstream Marketing and Communications Inc. ("Upstream"), a company listed on the AIM of the London Stock Exchange, representing 15.2% of its issued share capital, through a 100% subsidiary, techpacific.com (BVI) Investments Limited. The shares of Upstream held by the Group are valued at US$2,170,000 arrived at the basis of their quoted market price at 30 June 2007 of £0.0712 per share, discounted by 25% to reflect the fact that there is a formal restriction on the disposal of those shares under a lock-in agreement which will expire on 15 October 2007.

6. At 30 June 2007, the Group, through its 81.04% owned subsidiary SCH, owns 38.98% of Sunov Petroleum (Pakistan) Limited ("SPP") which is classified as a financial asset at fair value through profit or loss which in turn owns 100% of Eastern Petroleum Limited ("EP"). EP, a company incorporated in Mauritius in turn owns 100% of the issued share capital of Spud Energy Pty Limited ("Spud"), a company registered in Australia, which owns a 40% interest in the Bolan Concession and a 7.9% interest in the Badar Mining Lease, both gas fields located onshore in Pakistan. At 30 June 2007, the investment in SPP is valued at US$5,107,000 based on the conversion value of a US$2,500,000 convertible note issued by SPP on 30 September 2006 which is convertible into equity at SPP's option. The conversion value is based on a pre-money valuation of Spud of US$13,100,000. This valuation has been supported by an independent valuation of the Group's expected discounted cashflows from the gas fields located onshore in Pakistan. On conversion of the US$2,500,000 convertible note, the shareholding of SCH in SPP will be further reduced to 32.7%.

7. At 30 June 2007, the Group, through its 81.04% subsidiary, Crosby Investment Holdings Limited, owns 12.5% of ESK Limited ("ESK"), a company incorporated in the British Virgin Islands, which is classified as a financial asset at fair value through profit or loss. Following the repayment of certain of the acquisition finance, the Group's direct equity interest in ESK will increase from 12.5% to 23.75% on conversion of one class of the preference shares following their redemption. ESK, through its wholly owned subsidiaries, Crosby Orchard Fund Inc. and Eskdale Petroleum Pty Limited, owns 100% of Orchard Petroleum Limited ("Orchard"), an oil and gas company with a portfolio of interests in California that was listed on the Australian Stock Exchange. At 30 June 2007, the investment in ESK was valued at US$Nil based on the acquisition cost of Orchard less the third party financing raised to acquire it.

16. *Financial liabilities at fair value through profit or loss*

	Unaudited 30 June 2007 *US$'000*	**Audited 31 December 2006** *US$'000*
Derivative embedded in the convertible bond issued in 2006:		
Balance at 1 January/Initial recognition *(Note 17)*	2,220	6,320
Change in fair value	450	(4,100)
Balance at 30 June/31 December *(Note (i))*	2,670	2,220
Share of a loan by the Group:		
Balance at 1 January	9,186	8,340
Change in fair value	443	846
Repayment	(9,629)	–
Balance at 30 June/31 December *(Note (ii))*	–	9,186
	2,670	11,406

Notes:

(i) The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	At 30 June 2007
Share price	US$9.30 million
Exercise price	US$20 million
Expected volatility	72%
Expected life	3.69 years
Risk-free rate	5.78%
Expected dividend yield	5%

Because the Binomial model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

(ii) This financial liability at fair value through profit or loss represents the Group's share of a loan payable by the founder shareholders of Indago. It was deemed a financial liability at fair value through profit or loss as the Group's share of the loan is limited to the value of the shares it held in Indago and was therefore a derivative financial liability.

The fair value of this derivative financial liability at 31 December 2006, is in the Directors' opinion and as supported by an external valuation, the Group's share of the original loan plus accrued interest, as the fair value of the equity interest in Indago at 31 December 2006 is US$39,084,000, which exceeded the fair value of the loan. This financial liability at fair value through profit or loss was separately presented in the audited consolidated financial statements of the Group for the year ended 31 December 2006 and the comparative figures for the year ended 31 December 2005 have been re-stated accordingly. This re-classification has no overall impact on the results or cashflows for the three months and six months ended 30 June 2006 other than presenting separately the change in value of this financial liability of US$208,000 and US$413,000 in the income statement for the three months and six months ended 30 June 2006 respectively.

17. *Convertible bond*

In March 2006, the Company issued US$75,000,000 Zero Coupon 5 year Convertible Bond (the "Convertible Bond"). The cash proceeds from the issue were received on 8 March 2006 and the net proceeds of approximately US$72,750,000 were for general working capital and investment purposes. In particular, US$42,500,000 of the proceeds were invested by the Group in the Oil and Gas Exploration Prospects, which are further described in Note 12 to the unaudited interim financial information.

The Convertible Bond is unlisted and was convertible at the option of the bondholder(s), at any time on or after 13 March 2006 and up to and including 4 February 2011, into either new shares of the Company at a price of HK$0.7665 per share or exchangeable into existing shares of Crosby Capital Partners Inc. ("Crosby"), a 81.04% subsidiary of the Company at 30 June 2007, owned by the Company at a price of £0.9975 per share. The bondholder(s) were not able to exercise their conversion rights in respect of new shares of the Company once 556,666,011 new shares of the Company had been issued. The Convertible Bond that remains outstanding on 4 February 2011 is redeemable at 116.1% of its principal amount.

The Company has provided a negative pledge to the bondholder(s), that so long as any of the Convertible Bond remains outstanding and except in certain limited circumstances, that the Group will not secure any of its assets or future revenues against any indebtedness of the Group unless the outstanding Convertible Bond is also secured.

The Company has also undertaken, that so long as any of the Convertible Bond remains outstanding, that it will not sell any shares of Crosby, any substantial line of its business or the interests in the Oil and Gas Exploration Prospects without the approval of the bondholder(s). However, the Company may dispose of shares of Crosby and the equity interests in the Oil and Gas Exploration Prospects, provided that: the Company shall, immediately after such disposal, set aside such money equal to the aggregate principal amount of the Convertible Bond then outstanding, multiplied by 116.1% and as long as the Company's shareholding in Crosby shall not fall below 50% after such disposal.

The Convertible Bond recognised in the balance sheet at 30 June 2007 is calculated as follows:

	US$'000
Face value of Convertible Bond issued	75,000
Discount	(2,250)
Financial liabilities at fair value through profit or loss *(Note 16)*	(6,320)
Equity component	(4,793)
Liability component on initial recognition upon issuance of Convertible Bond on 8 March 2006	61,637

	Unaudited 30 June 2007 *US$'000*	**Audited 31 December 2006** *US$'000*
Liability component at 1 January /Initial recognition	17,403	61,637
Effective interest expense for the period/year	608	1,604
Conversion of Convertible Bond during the period/year*	–	(45,838)
Liability component at 30 June/31 December	18,011	17,403

* *During the year ended 31 December 2006, US$55,000,000 of the Convertible Bond was converted into 556,666,011 new shares of the Company, representing 16.55% of the Company's enlarged issued share capital of 3,362,743,256 shares (including 292,500,000 non-voting convertible deferred shares) at that time. The balance of the Convertible Bond of US$20,000,000 is therefore only exchangeable into a maximum of 11,453,287 existing shares of Crosby owned by the Company, but no exchange had occurred up to 30 June 2007. On the basis that the balance of the Convertible Bond of US$20,000,000 is fully exchanged into existing shares of Crosby, the holding of the Company in Crosby would be reduced from 81.04% to 76.32% as at 30 June 2007.*

The interest expense of Convertible Bond for the period ended 30 June 2007 is calculated by applying an effective interest rate of 7.15% to the liability component.

The Directors of the Company estimate the fair value of the liability component of the Convertible Bond at 30 June 2007 to be approximately US$18,011,000. The fair value has been calculated by discounting the future cash flows at the prevailing market rate of 6.5%, increased to 7.15% to adjust for the amortisation of the discount of US$2,250,000. The aforementioned discount rate of 6.5% has been determined by reference to the yield on non-callable bonds issued in US dollars by a corporate with a credit rating of BB, with maturity of 5 years.

18. Share capital

	Number of ordinary shares	Number of convertible redeemable preference shares	Number of non-voting convertible deferred shares	Value
				US$'000
Authorised				
(par value of US$0.001 each)	20,000,000,000	1,000,000	–	20,001
Issued and fully paid				
(par value of US$0.001 each)				
At 31 December 2006 and 30 June 2007	3,066,381,256	–	292,500,000	3,359

There were no changes in the authorised share capital during the six months ended 30 June 2007 or the year ended 31 December 2006.

19. Reserves

	Unaudited 30 June 2007	Audited 31 December 2006
	US$'000	*US$'000*
Share premium	106,875	106,875
Capital reserve	4,872	4,872
Capital redemption reserve	20	20
Employee share-based compensation reserve	7,419	5,075
Investment revaluation reserve	222	173
Foreign exchange reserve	205	30
(Accumulated losses)/Retained profits	(41,525)	1,420
	78,088	118,465

20. Related party transactions

(a) During the period, other than those disclosed elsewhere in this report, the Group had the following material related party transactions with certain investee companies:

	Unaudited six months ended 30 June	
	2007	**2006**
	US$'000	*US$'000*
Advertising and marketing expenses to an investee/associate	(38)	(13)
Fund management fee income received from an investee company	–	50
Sales proceeds of investment received by an investee company on behalf of the Group	–	5
Management services fee received from investee companies	90	90
Payment to an investee company in respect of exercise of share options	(17)	(17,110)
Loan interest income from an investee company	157	398

(b) At 30 June 2007, details of the loan and amounts due from investee companies are set out below:

	Notes	**Unaudited 30 June 2007** *US$'000*	**Audited 31 December 2006** *US$'000*
Loan to an investee company	*(i)*	8,383	6,765
Amounts due from investee companies	*(ii)*	56	1,224
At 30 June/31 December		8,439	7,989

Notes:

(i) As at 30 June 2007, the Group had several loans to an investee company, IB Daiwa, which were interest bearing at 5.4% per annum. These loans were secured by the net revenues and equity interest of IB Daiwa's subsidiaries. As at 31 December 2006, the Group had several loans to an investee company, IB Daiwa, which were unsecured and interest bearing at 5.4% per annum. These loans were repaid in full in February 2007.

(ii) Amounts due from investee companies are unsecured, interest-free and repayable on demand. Included in the amounts due from investee companies are amounts due from IB Daiwa of US$Nil (as at 31 December 2006: US$866,000).

21. Contingencies

As at 30 June 2007, the Group had no material contingent liabilities.

22. *Disposal of a subsidiary*

The only significant disposal of a subsidiary during the six months ended 30 June 2007 was in respect of ESK Limited and its subsidiaries ("ESK group"). The disposal is a consequence of the Group no longer controlling the ESK group together with a reduction in the Group's shareholding, through a 81.04% subsidiary of the Group, from 30% to 12.5%. As the underlying investment of ESK group was treated at 31 December 2006 as a financial asset at fair value through profit or loss, this disposal only results in a redesignation of the equity interest in ESK group to that same category of assets at 30 June 2007.

	Unaudited 30 June 2007 *US$'000*
Net assets/(liabilities) disposed of:	
Trade and other receivables	50,000
Financial assets at fair value through profit or loss *(Note 15)*	15,540
Cash and cash equivalents	12,250
Amounts due to parent and related companies	(743)
Trade and other payables	(13,692)
Other loans	(50,000)
	13,355
Less: Minority interests	(12,586)
Transfer to financial assets at fair value through profit or loss *(Note 15)*	(320)
	449
Total consideration	–
Loss on disposal	(449)
An analysis of net outflow of cash and cash equivalents in respect of the disposal of a subsidiary, which is included under net cash outflow from investing activities, is as follows:	
Cash consideration	–
Cash and cash balances disposed of	(12,250)
Net cash outflow on disposal	(12,250)

23. *Financial risk management objectives and policies*

The Group is exposed to a variety of financial risks, which are the same as those detailed in the Company's annual audited consolidated financial statements for the year ended 31 December 2006, which are managed through its Executive and Operations Committees in close cooperation with the Board of Directors.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 30 June 2007, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Directors	Personal interest	Family interest	Corporate interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue
					%
Ilyas Tariq Khan *(Notes 1 & 2)*	82,494,076	–	413,091,794	495,585,870	16.16
Johnny Chan Kok Chung *(Note 3)*	146,362,205	16,097,387	–	162,459,592	5.30
Joseph Tong Tze Kay	3,000,000	–	–	3,000,000	0.10
Daniel Yen Tzu Chen	2,000,000	–	–	2,000,000	0.07
Peter McIntyre Koenig	1,500,000	–	–	1,500,000	0.05

Note 1: TW Indus Limited held 188,208,147 ordinary shares. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 224,883,647 ordinary shares. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 224,883,647 ordinary shares owned by ECK & Partners Limited.

Note 3: Yuda Udomritthiruj held 16,097,387 ordinary shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung and, accordingly, he is deemed to have interests in her shares.

(ii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's Share Option Scheme, details of which are provided below:

Name of Directors	Date of grant	Subscription price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Ilyas Tariq Khan	26 April 2006	HK$0.770	60,000,000	1.96
Johnny Chan Kok Chung	26 April 2006	HK$0.770	60,000,000	1.96
Ahmad S. Al-Khaled	24 March 2006	HK$0.770	5,000,000	
	29 January 2007	HK$0.365	2,500,000	
			7,500,000	0.24
Daniel Yen Tzu Chen	24 March 2006	HK$0.770	5,000,000	
	29 January 2007	HK$0.365	2,500,000	
			7,500,000	0.24
Peter McIntyre Koenig	20 August 2004	HK$0.035	2,000,000	
	24 March 2006	HK$0.770	5,000,000	
	29 January 2007	HK$0.365	2,500,000	
			9,500,000	0.31
Joseph Tong Tze Kay	20 August 2004	HK$0.035	2,000,000	
	24 March 2006	HK$0.770	5,000,000	
	29 January 2007	HK$0.365	2,500,000	
			9,500,000	0.31

(iii) Short Positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

(iv) Interests in the shares of an Associated Corporation

Name of Directors	Associated corporation	Personal interest	Corporate interest	Aggregate long position in shares of the Associate	Percentage which the aggregate long position in shares of the Associate represents to the issued share capital of the Associate %
Ilyas Tariq Khan *(Note 1)*	Crosby Capital Partners (Hong Kong) Limited	1	110,001	110,002	0.04
Johnny Chan Kok Chung	Crosby Capital Partners (Hong Kong) Limited	30,000	–	30,000	0.01

Note 1: TW Indus Limited held 110,001 shares in Crosby Capital Partners (Hong Kong) Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Save as disclosed above, as at 30 June 2007, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Disclosure of Interests of Substantial Shareholders and Other Persons

So far as is known to any Director or the chief executive of the Company, as at 30 June 2007, the following persons, other than the Directors of the Company, had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Interests in the ordinary shares and underlying shares of the Company

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or approximate attributable percentage holding of ordinary sharescurrently in issue and/or percentage which the aggregate long position in underlyingshares of the Company represents to the total ordinary share capital of the Company in issue
Deutsche Bank Aktiengesellschaft	1,278,000	412,422,007	13.49%
PMA Capital Management Limited *(Note 1)*	372,948,005	–	12.16%
TBV Holdings Limited *(Note 2)*	302,055,000	–	9.85%
PMA Prospect Fund *(Note 1)*	281,295,520	–	9.17%
ECK & Partners Limited *(Note 3)*	224,883,647	–	7.33%
TW Indus Limited *(Note 4)*	188,208,147	–	6.14%

Note 1: PMA Capital Management Limited is the investment advisor of PMA Prospect Fund, both of which are Independent Third Parties. The interest of PMA Prospect Fund in 281,295,520 ordinary shares is included in the interest of PMA Capital Management Limited in 372,948,005 ordinary shares.

Note 2: TBV Holdings Limited is a company wholly-owned by the Kuwait Fund for Arab Economic Development, a development finance agency owned by the government of Kuwait.

Note 3: Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, ECK & Partners Limited interest in 224,883,647 ordinary shares is duplicated in the 495,585,870 ordinary shares in which Ilyas Tariq Khan is interested as a Director.

Note 4: TW Indus Limited held a direct interest in 188,208,147 ordinary shares. Ilyas Tariq Khan was beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan was also interested in these 188,208,147 ordinary shares which are duplicated within the 495,585,870 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

(ii) Interests in the non-voting convertible deferred shares of the Company

Name	Number or approximate attributable number of non-voting convertible deferred shares	Percentage which the aggregate long position in non-voting convertible deferred shares represents to the total non-voting convertible deferred shares currently in issue
Simon Jeremy Fry *(Note 1)*	292,500,000	100%

Note 1: Simon Jeremy Fry is the Chief Executive Officer of Crosby Capital Partners Inc., which is a 81.04% subsidiary of the Company as at 30 June 2007. Further to the Company's announcement dated 31 March 2004, 292,500,000 non-voting convertible deferred shares were allotted to Simon Jeremy Fry. Simon Jeremy Fry has also held a direct interest in 110,186,587 ordinary shares. Simon Jeremy Fry was also granted 60 million options to subscribe for ordinary shares in the Company at an exercise price of HK$0.77 per share on 26 April 2006.

(iii) Short Positions

No person held short positions in the Shares and Underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 30 June 2007, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Save as disclosed above, as at 30 June 2007, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(c) Share Options

Pursuant to the Company's Share Option Scheme, a duly authorised committee of the board of Directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the Shares of the Company on the Exchange on the date of grant of the particular option or (ii) the average of the closing prices of the Shares of the Company for the five trading days immediately preceding the date of the grant of the options or (iii) the nominal value of the shares.

Share options granted under the Share Option Scheme are exercisable as follows:

(a) the first thirty percent of the options between the first and tenth anniversary of the date of grant;

(b) the next thirty percent of the options between the second and tenth anniversary of the date of grant; and

(c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the Share Option Scheme:

Date of Options Grant	Options Granted	Options Exercise Price	Options Lapsed since grant	Options Outstanding	Options exercisable as at 30 June 2007
27 March 2002	248,244,700	HK$0.0704	(247,944,700)	300,000	300,000
18 March 2003	54,000,000	HK$0.0350	(54,000,000)	–	–
14 May 2003	15,000,000	HK$0.0350	(10,000,000)	–	–
18 June 2003	26,064,000	HK$0.0350	(26,064,000)	–	–
11 July 2003	312,000,000	HK$0.0350	(312,000,000)	–	–
1 December 2003	21,000,000	HK$0.0350	(21,000,000)	–	–
20 August 2004	15,000,000	HK$0.0350	–	4,000,000	–
24 March 2006	40,000,000	HK$0.7700	–	40,000,000	12,000,000
26 April 2006	180,000,000	HK$0.7700	–	180,000,000	54,000,000
29 January 2007	10,000,000	HK$0.3650	–	10,000,000	–
	921,308,700		(671,008,700) (note1)	234,300,000	66,300,000

Note 1: Includes 518,564,000 of share options that have lapsed and are not available for re-use.

No options granted under the Share Option Scheme had been exercised during the six months ended 30 June 2007.

(d) Competing Interests

So far as the Directors are aware, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates have any interests in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Joseph Tong Tze Kay, Daniel Yen Tzu Chen and Peter McIntyre Koenig. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 7 August 2007. The unaudited interim financial information of the Company for the six months ended 30 June 2007 has been reviewed by the audit committee.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2007 (six months ended 30 June 2006: Nil). Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

By Order of the Board
Ilyas Tariq Khan
Chairman

Hong Kong, 9 August 2007

As at the date of this report, the Directors of the Company are

Executive Director:	*Johnny Chan Kok Chung*
Non-Executive Directors:	*Ilyas Tariq Khan, Ahmad S. Al-Khaled*
Independent Non-Executive Directors:	*Daniel Yen Tzu Chen, Peter McIntyre Koenig and Joseph Tong Tze Kay*