Notes to the Financial Statements

For the year ended 31 December 2005

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"). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries, associate and jointly controlled entities are set out in notes 31, 32 and 33, respectively.

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has no material effect on the presentation of the consolidated financial statements, but has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

Share-based payment

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company granted under the Share Option Scheme (the "Scheme"). Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised.

Following the adoption of HKFRS 2, the fair values of directors' and employees' share options are determined at the date of grant and are amortised over the relevant vesting periods to the consolidated income statement.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

The Group has applied HKFRS 2 to share options granted on or after 1 January 2005. In relation to share options granted before 1 January 2005, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and share options that were granted after 7 November 2002 and had vested before 1 January 2005 in accordance with the relevant transitional provisions. The adoption of HKFRS 2 has a significant impact on the results of the Group for accounting periods beginning on 1 January 2005. An amount of HK$13,441,000 representing the estimated fair value of share options granted in February 2005 under the Scheme was charged to the consolidated income statement during the year, with a corresponding credit to the equity.

Interests in jointly controlled entities

In previous years, interests in jointly controlled entities were accounted for using the equity method. HKAS 31 "Interests in Jointly Controlled Entities" allows entities to use either proportionate consolidation or the equity method to account for its interests in jointly controlled entities. Upon the application of HKAS 31, the Group has elected to continue applying the equity method to account for its interests in jointly controlled entities. As a result, there has been no change in accounting method in respect of the Group's interests in jointly controlled entities.

Financial instruments

In the current year, the Group has applied HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Convertible note

HKAS 32 requires an issuer of a compound financial instrument (that contains both financial liability and equity components) to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The principal impact of HKAS 32 on the Group is in relation to convertible notes issued by the Company that contain both liability and equity components. Previously, convertible notes were classified as liabilities on the consolidated balance sheet. Because HKAS 32 requires retrospective application, comparative figures have been restated. Comparative figures for 2004 has been restated in order to reflect the increase in effective interest on the liability component.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Debt or equity securities previously accounted for under the alternative treatment of Statement of Standard Accounting Practice 24 ("SSAP 24")

By 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of SSAP 24. Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "non-trading securities" or "held-to-maturity investments" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in the profit or loss for the period in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1 January 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. Unquoted equity investments of which the fair value cannot be measured reliably are stated at cost less impairment. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1 January 2005, the Group classified and measured its equity securities in accordance with the requirements of HKAS 39. Investments in securities which were previously classified as trading securities with carrying amount of HK$22,616,000 were reclassified to financial assets at fair value through profit or loss on 1 January 2005. No adjustment has been made on 1 January 2005.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES (Continued)

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

During the year, an interest free loan advanced to an investee company classified as non-current asset is measured at fair value on initial recognition. As a result, a fair value adjustment made on initial recognition of HK$13,489,000 was treated as deemed contribution to the investee and included in the carrying amount of available-for-sale investment. The corresponding adjustment was made to loan to an investee company.

2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior years are as follows:

	2005	2004
	HK$'000	HK$'000
		(restated)
Expenses in relation to share options granted to employees	**(13,441)**	—
Imputed interest income on loan to an investee company determined using the effective interest method	**723**	—
Effect of recognition of effective interest expense on convertible note payable	**—**	(563)
Increase in loss for the year	**(12,718)**	(563)

2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

The cumulative effects of the application of the new HKFRSs on 31 December 2004 and 1 January 2005 are summarised below:

	As at 31 December 2004 (originally stated)	Adjustments	As at 31 December 2004 (restated)	Adjustments	As at 1 January 2005 (restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Impact of HKAS 32 and HKAS 39:					
Accumulated losses	(588,220)	(2,963)	(591,183)	—	(591,183)
Convertible note reserve	—	2,963	2,963	—	2,963
Total effect on equity	(588,220)	—	(588,220)	—	(588,220)

The financial effects of the application of the new HKFRSs to the Group's entity on 1 January 2004 are summarised below:

	As originally stated	Adjustments	As restated
	HK$'000	HK$'000	HK$'000
Accumulated losses	(586,005)	(2,400)	(588,405)
Convertible note reserve	—	2,963	2,963
Total effect on equity	(586,005)	563	(585,442)

2A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

The HKICPA has also issued the following standards and interpretations that are not yet effective:

HKAS 1 (Amendment)	Capital disclosures [1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures [2]
HKAS 21 (Amendment)	Net investment in a foreign operation [2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions [2]
HKAS 39 (Amendment)	The fair value option [2]
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts [2]
HKFRS 6	Exploration for and evaluation of mineral resources [2]
HKFRS 7	Financial instruments: Disclosures [1]
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease [2]
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds [2]
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market - waste electrical and electronic equipment [3]
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [4]

1 Effective for annual periods beginning on or after 1 January 2007.

2 Effective for annual periods beginning on or after 1 January 2006.

3 Effective for annual periods beginning on or after 1 December 2005.

4 Effective for annual periods beginning on or after 1 March 2006.

The directors anticipate that the adoption of these new HKFRSs in future years will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for financial instruments and share options, 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interest that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transactions with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entities, except to the extent that unrealised evidence for an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Turnover

Turnover represents the amount received and receivable for goods sold.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents accounts receivable for goods and services provided.

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

Interest income is accrued on a time basis, by reference to 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 financial assets at fair value through profit or loss is recognised when the Group's rights to receive dividend payment have been established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, at the following rates per annum:

Leasehold improvements	10% - 20%
Furniture, fixtures and equipment	10% - 20%
Motor vehicles	12.5% - 25%

During the year, there was a change in accounting estimate in respect of the useful lives of leasehold improvements, furniture, fixtures and equipment and motor vehicles, the effect of such change to the profit or loss of the year was immaterial.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

The Group's financial assets are mainly classified into 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 has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. 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 (including loan to an investee company, other receivables and bank balance) 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 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.

Available-for-sale financial assets

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 other payables are subsequently measured at amortised cost, using the effective interest rate method.

Convertible loan notes

Convertible loan notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity instruments

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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.

Deferred taxation 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 taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation 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 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.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred taxation 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 taxation is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 exchanges 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

Inventories

Inventories, which represent merchandise held for resale, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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 term on a straight-line basis.

Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investment, loan to an investee company, other receivables, financial assets at fair value through profit or loss, bank balances, other trade payables and convertible loan notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short term bank deposits. Since the bank deposits are all short term in nature, any future variations in interest rates will not have a significant impact on the results of the Group. The Group's fair value interest rate risk relates primarily to convertible note.

(ii) Price risk

The Group's available-for-sale investment and financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Company is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Credit risk

The Group's principal financial assets are loan to an investee company, other receivables and bank balances.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets are stated in the balance sheet. The Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions - metals trading, sales of communication products and investments in securities. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Metals trading - Trading of metals products.

Sales of communication products - Trading of communication products.

Investments in securities held for trading - Investment in securities held for trading to generate dividends and capital appreciation.

Segment information about these businesses is presented below:

Income statement

	2005				
	Metals trading HK$'000	Sales of communication products HK$'000	Investments in securities HK$'000	Others HK$'000	Total HK$'000
Turnover	9,764	5	—	—	9,769
Segment result	65	1	(16,014)	150	(15,798)
Interest income	—	—	—		1,217
Unallocated corporate expenses	—	—	—		(35,566)
					(50,147)
Share of results of jointly controlled entities	—	(221)	—		(221)
Finance costs					(1,338)
Loss for the year					(51,706)

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

	2004 (restated)			
	Metals trading HK$'000	Sales of communication products HK$'000	Investments in securities HK$'000	Total HK$'000
Turnover	4,219	128	—	4,347
Segment result	(153)	28	3,158	3,033
Interest income	—	—	—	4
Unallocated corporate expenses	—	—	—	(18,781)
				(15,744)
Share of results of associates	—	—	1,027	1,027
Share of results of jointly controlled entities	—	(282)	—	(282)
Gain on disposal of subsidiaries	—	2,909	—	2,909
Gain on disposal of associates	—	—	12,254	12,254
Finance costs				(2,942)
Loss for the year				(2,778)

Balance sheet

	2005		2004	
	Segment assets HK$'000	**Segment liabilities HK$'000**	Segment assets HK$'000	Segment liabilities HK$'000
Metals trading	**87,050**	**4,034**	13,871	3,702
Investments in securities	**87,708**	**—**	22,812	—
Interests in jointly controlled entities	**6,010**	**—**	6,231	—
Other corporate assets	**30,723**	**—**	—	—
	211,491	**4,034**	42,914	3,702

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

(a) Business segments (Continued)

Other information

	2005 HK$'000	2004 HK$'000
Capital additions		
Metals trading	25	—
Depreciation		
Metals trading	342	572
Gain on disposal of property, plant and equipment		
Others	150	—

(b) Geographical segments

No geographical segment information is presented as the Group operates in Hong Kong only.

6. OTHER OPERATING INCOME

	2005 HK$'000	2004 HK$'000
Interest on bank deposits	494	4
Interest on loan to an investee company	723	—
Dividends from financial assets at fair value through profit or loss	843	576
Gain on disposal of property, plant and equipment	150	—
	2,210	580

7. ADMINISTRATIVE EXPENSES

Following the adoption of HKFRS 2 which is effective for accounting periods beginning on or after 1 January 2005, an amount of HK$13,441,000 representing the estimated fair value of share options granted in February 2005 under the Share Option Scheme of the Company, was charged to the consolidated income statement during the year, with a corresponding credit to the equity.

8. FINANCE COSTS

	2005 HK$'000	2004 HK$'000 (restated)
Interest on:		
Convertible note payable	(1,338)	(2,308)
Other borrowings wholly repayable within five years	—	(71)
	(1,338)	(2,379)
Fair value adjustment on convertible note payable	—	(563)
	(1,338)	(2,942)

9. LOSS FOR THE YEAR

	2005 HK$'000	2004 HK$'000
Loss for the year has been arrived at after charging:		
Auditors' remuneration	850	693
Depreciation	342	572
Directors' emoluments	6,477	5,204
Contributions to retirement benefits scheme	146	125
Other staff costs	18,560	4,996
Total staff costs	25,183	10,325
Cost of inventories recognised	9,534	3,977
Minimum lease payments under operating leases in respect of rented premises	1,529	2,132

10. DIRECTORS' EMOLUMENTS

	2005					2004				
	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefits HK$'000	Total HK$'000	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefits HK$'000	Total HK$'000
Executive:										
Mr. Chiu Kong	—	1,696	100	12	1,808	—	818	100	10	928
Mr. Chung Nai Ting	—	780	100	12	892	—	754	100	12	866
Mr. Hui Richard Rui	—	1,072	150	12	1,234	—	301	150	4	455
Mr. Tsui Ching Hung	—	1,017	100	12	1,129	—	1,017	100	12	1,129
Mr. Tse Lanny Cheuk Ming	—	702	250	12	964	—	660	250	12	922
Mr. Yeung Kwok Yu	—	—	—	—	—	—	446	—	8	454
Independent non-executive:										
Mr. Tong Wui Tung	150	—	—	—	150	150	—	—	—	150
Mr. Chan Sze Hung	150	—	—	—	150	150	—	—	—	150
Mr. Frank H. Miu	150	—	—	—	150	150	—	—	—	150
	450	5,267	700	60	6,477	450	3,996	700	58	5,204

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2004: four) were directors of the Company whose emoluments are included in the note 10 above. The emoluments of the remaining highest paid individual (2004: one) were as follows:

	2005 HK$'000	2004 HK$'000
Salaries and other benefits	**954**	878
Retirement benefit scheme contributions	**12**	12
	966	890

No emoluments were paid by the Group to the directors and the remaining highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office and no director waived any emoluments.

12. TAXATION

No provision for Hong Kong Profits Tax has been made since the Group had no assessable profits for both years.

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

	2005 HK$'000	2004 HK$'000
Loss for the year	**(51,706)**	(2,778)
Tax credit at the domestic income tax rate of 17.5%	**9,049**	486
Tax effect of share of results of associates	**—**	180
Tax effect of share of results of jointly controlled entities	**(39)**	(49)
Tax effect of expenses not deductible for tax purpose	**(6,409)**	(1,319)
Tax effect of income not taxable for tax purpose	**360**	101
Tax effect of tax losses not recognised	**(2,961)**	(11)
Tax effect of utilisation of losses not previously recognised	**—**	612
Taxation for the year	**—**	—

13. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK$51,706,000 (2004: HK$2,778,000 restated for adoption of HKFRSs) and on the weighted average number of 291,743,468 (2004: 203,741,512) ordinary shares in issue after adjusted for the effect of share consolidation taken place on 11 July 2005 and 6 March 2006 as disclosed in notes 22(c) and 30, respectively and rights issue on 6 December 2005. As a result of the effect of adoption of HKFRSs, the loss per share for the year ended 31 December 2004 has increased by HK$0.0028.

No diluted loss per share had been presented in 2005 and 2004 as the effect of the potential ordinary shares outstanding in respect of the convertible note payable was anti-dilutive.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	**Furniture, fixtures and equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
COST				
At 1 January 2004	428	1,603	2,462	4,493
Disposal of subsidiaries	—	(843)	—	(843)
At 31 December 2004	428	760	2,462	3,650
Additions	—	25	—	25
Disposal	—	—	(395)	(395)
At 31 December 2005	428	785	2,067	3,280
DEPRECIATION				
At 1 January 2004	342	930	1,592	2,864
Provided for the year	21	68	483	572
Eliminated on disposal of subsidiaries	—	(287)	—	(287)
At 31 December 2004	363	711	2,075	3,149
Provided for the year	17	36	289	342
Eliminated on disposal	—	—	(395)	(395)
At 31 December 2005	380	747	1,969	3,096
NET BOOK VALUES				
At 31 December 2005	48	38	98	184
At 31 December 2004	65	49	387	501

15. AVAILABLE-FOR-SALE INVESTMENT

On 8 June 2005, the Group entered into the Sale and Purchase Agreement with Fabulous Resources Limited ("Fabulous Resources") to acquire 6 shares at a par value of US$1 each in the issued share capital of Found Macau Investments International Limited ("Found Macau"), a private company incorporated in the British Virgin Islands, from Fabulous Resources. On the same date, the Group also advanced HK$30,000,000 which had been remeasured at fair value in accordance with Hong Kong Accounting Standards at an amount of approximately 16,511,000 to Found Macau, and as a result, a fair value adjustment made on initial recognition of 13,489,000 was treated as deemed contribution to the investee and included in the carrying amount of available-for-sale investment. The loan is unsecured, interest free and repayable on demand at face value of HK$30,000,000 after 8 years from the date of drawdown.

16. LOAN TO AN INVESTEE COMPANY

As described in note 15, an interest free loan advanced to an investee company was remeasured at fair value on initial recognition. The loan has an effective interest rate of 7.75%. At the balance sheet date, the carrying value of the loan is measured at amortised cost less impairment loss and its fair value approximates to the carrying amount.

17. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Cost of unlisted investment in an associate	**—**	—
Loan to an associate	**54,050**	54,050
Less: Impairment loss recognised	**(54,050)**	(54,050)
	—	—

The Group does not recognize its share of loss of the associate. Details of the Group's associate at 31 December 2005 are set out in note 32.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2005 HK$'000	2004 HK$'000
Cost of unlisted investments in jointly controlled entities	**20,000**	20,000
Share of post-acquisition losses	**(3,990)**	(3,769)
Less: Impairment loss recognised	**(10,000)**	(10,000)
Share of net assets	**6,010**	6,231

Details of the Group's jointly controlled entities at 31 December 2005 are set out in note 33.

The summarised financial information in respect the Group's jointly controlled entities which are accounted for using the equity method is set out below:

	2005 HK$'000	2004 HK$'000
Current asset	**18,915**	18,534
Non-current assets	**62**	151
Current liabilities	**6,957**	6,223
Income	**175**	64
Expenses	**618**	648

19. OTHER FINANCIAL ASSETS

Other receivables

The fair value of the Group's other receivables at 31 December 2005 was approximate to the corresponding carrying amount.

Bank balances

Bank balances comprise short-term bank deposits at prevailing market interest rates. The fair value of these assets at December 31, 2005 was approximate to the corresponding carrying amount.

20. INVESTMENTS IN SECURITIES/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 1 January 2005, the Group classified and measured its equity securities in accordance with the requirements of HKAS 39 which is effective for annual periods beginning on or after 1 January 2005. Investments in securities which were previously classified as trading securities with carrying amount of HK$22,616,000 were reclassified to financial assets at fair value through profit or loss on 1 January 2005. Details of the investments are as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Equity securities listed in Hong Kong, at market value	**86,658**	22,616

The above financial assets at fair value through profit or loss are investments held for trading and their fair values are determined based on the quoted market closing prices available on The Stock Exchange.

21. CONVERTIBLE NOTE PAYABLE

	2005	2004
	HK$'000	HK$'000
Convertible note payable		
Balance at the beginning of the year	—	58,000
Issued during the year	50,000	—
Redeemed on maturity date during the year	(50,000)	(58,000)
Balance at the end of the year	—	—
Issue costs		
Balance at the beginning of the year	—	250
Incurred during the year	1,250	—
Amortised during the year	(1,250)	(250)
Balance at the end of the year	—	—
Carrying value at the end of the year	—	—

On 30 May 2001, the Company entered into an agreement (the "2001 Agreement") with a placing agent for the placement of convertible notes issued by the Company up to an aggregate principal amount of HK$60,000,000 (the "2001 Convertible Note"). The 2001 Convertible Note was unsecured and carried interest at 7% per annum, accrued on a daily basis and payable every year in arrears. The 2001 Convertible Note might be converted into ordinary shares of the Company at an initial price of HK$0.028 per share and the conversion prices were HK$0.031 and HK$0.034 per share respectively for the period from the date immediately following the first anniversary from the date of issue of the 2001 Convertible Note (the "Issue Date") to the second anniversary from the Issue Date and for the period from the date immediately following the second anniversary from the Issue Date to the third anniversary of the Issue Date. These conversion prices were subject to adjustments in accordance with the relevant provisions in the 2001 Agreement. The 2001 Convertible Note would only be repaid at its face value upon maturity on 3 July 2004 to the extent of the amount not previously converted. The remaining balance of the 2001 Convertible Note in the principal amount of HK$58,000,000 was redeemed in full upon maturity in 2004.

21. CONVERTIBLE NOTE PAYABLE (Continued)

On 5 January 2005, the Company and a placing agent entered into an agreement for the placement of convertible notes issued by the Company up to an aggregate principal amount of HK$50,000,000 (the "2005 Convertible Note"). The 2005 Convertible Note was unsecured and carried interest at 3% per annum on the principal amount of the Convertible Notes outstanding, payable upon maturity which was one year from the date of issue of the 2005 Convertible Note (the "Maturity Date").

The 2005 Convertible Note might be converted into ordinary shares of the Company at a conversion price of HK$0.25 per share from the date of issue of the 2005 Convertible Notes to the Maturity Date. The company, at any time before the Maturity Date, had a option to redeem the 2005 Convertible Note in whole or in part at par value. All the 2005 Convertible Note had been redeemed in March 2005.

22. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2005	2004	**2005**	2004
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning of year	**50,000.000.000**	50,000,000,000	**500,000**	500,000
Decrease on 11 July 2005	**(47,500,000,000)**	—	**(475,000)**	—
Increase on 15 November 2005	**22,500,000,000**	—	**225,000**	—
At the end of the year	**25,000,000,000**	50,000,000,000	**250,000**	500,000
Issued and fully paid:				
At the beginning of year	**6,837,422,389**	6,837,422,389	**68,374**	68,374
Issue of new shares				
announced on 10 January 2005				
(note (a))	**1,367,484,000**	—	**13,675**	—
announced on 24 August 2005				
(note (a))	**88,600,000**	—	**886**	—
Issue upon exercise of				
share options (note (b))	**656,000,000**	—	**6,560**	—
Share consolidation (note (c))	**(8,417,861,070)**	—	**(84,179)**	—
Rights issue of shares (note (d))	**2,126,581,276**	—	**21,266**	—
At the end of the year	**2,658,226,595**	6,837,422,389	**26,582**	68,374

22. SHARE CAPITAL OF THE COMPANY (Continued)

Notes:

(a) On 10 January 2005, the Company entered into an agreement with a placing agent for placement of 1,367,484,000 new shares to independent investors at a price of HK$0.052 per new share on a fully underwritten basis. The net proceeds amounted to approximately HK$69 million. About HK$30 million was used for investing in and loan to Found Macau and about HK$39 million was used for general working capital of the Group.

On 24 August 2005, the Company entered into an agreement with a placing agent for placement of 88,600,000 new shares to independent investors at a price of HK$0.1 per new share on a fully underwritten basis. The net proceeds amounting to HK$8,500,000 was used for general working capital of the Group.

(b) On 1 February 2005, the Company granted share options to employees to subscribe for 656,000,000 ordinary shares of the Company of HK$0.01 each at the subscription price of HK$0.038 per share (closing price per share on 31 January 2005 was HK$0.037) under the share option scheme adopted on 27 May 2002. Share options granted may be exercised any time from the date of grant to the day preceding the first anniversary of the date of grant. On 2 February 2005, the share options were exercised in full at the subscription price of HK$0.038 per share (closing price per share on 1 February 2005 was HK$0.034).

(c) Pursuant to a special resolution passed at the special general meeting on 8 July 2005:

(i) every twenty shares of HK$0.01 each in the issued and unissued ordinary share capital of the Company be and are hereby consolidated into one consolidated share of HK$0.20 ("Consolidated Share"); and

(ii) every issued and unissued Consolidated Share of the Company be and is hereby reduced in nominal amount by cancelling HK$0.19 of the capital paid up on each issued Consolidated Share and by reducing the nominal amount of each authorised but unissued Consolidated Share, from HK$0.20 to HK0.01 each so as to form one share of HK$0.01 each.

(d) On 15 November 2005, the Company approved issue of 2,126,581,276 shares of HK$0.01 each by way of rights to holders of shares in the Company at HK$0.05 per share ("Rights Share") in the proportion of four Rights Shares for every existing share held by holders of shares. On 6 December 2005, 2,126,581,276 Rights Shares were allotted.

23. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme (the "Scheme") which was adopted on 27 May 2002 to replace the old scheme adopted in 1998. The Scheme is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme, the Company may grant options to employees (including existing and proposed directors), adviser, consultant, agent, contractor, client and supplier of any members of the Group (collectively the "Participants"). The purpose of the Scheme is to recognise and motivate the contribution of Participants and to provide incentives and help the company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company. The total number of shares available for issue under the Scheme is 1,387,111 which represents 0.05% of the issued share capital of the Company as at 31 December 2005. No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in twelve month period up to and including the date of grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the board of the directors of the Company (the "Board") may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option during the period an option may be exercised. The subscription price of the option shall be determined by the Board but in any case shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of grant which must be a trading day, (ii) the average closing price of the Shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company be way of consideration for the grant.

23. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options held by employees during the year:

Details of specific categories of options are as follows:

Option type	Date of grant	Exercisable period	Exercise price	Exercise date
2005	1.2.2005	1.2.2005-31.1.2006	HK$0.038	2.2.2005

Option type	Outstanding at 1.1.2005	Granted during year	Exercised during year	Outstanding at 31.12.2005
2005	—	656,000,000	(656,000,000)	—
Exercise price	—	HK$0.038	HK$0.038	—

In respect of the share options exercised during the year, the share price at the date of exercise is HK$0.033.

During the year ended 31 December 2005, options were granted on 1 February 2005. The estimated fair value of the option granted on that date is approximately HK$0.02. No options were granted in year ended 31 December 2004.

The fair value was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2005
Share price at date of grant	HK$0.034
Exercise price	HK$0.038
Expected volatility	175%
Expected life	1 year
Risk-free rate	2.75%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 266 days. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group recognised the total expense of HK$13,441,000 for the year ended 31 December 2005 (2004: nil) in relation to share options granted by the Company.

24. RESERVES

The capital reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital and share premium of the companies now forming the Group pursuant to the group reorganisation prior to the listing of the Company's shares in 1998.

Included in the Group's reserves are the following amounts attributable to the Group's jointly controlled entities:

	2005	2004
	HK$'000	HK$'000
Jointly controlled entities		
- translation reserve	**5**	5
- accumulated losses	**(3,995)**	(3,774)
	(3,990)	(3,769)

25. DEFERRED TAXATION

At the balance sheet date, the Group had unused tax losses of approximately HK$143,475,000 (2004: HK$126,558,000) available to offset against future profits. No deferred taxation asset has been recognised due to the unpredictability of future profit streams.

26. DISPOSAL OF SUBSIDIARIES

In 2004, the Group disposed of its interests in certain subsidiaries which were investment holding companies.

The effect of the disposal is summarised as follows:

	2004
	HK$'000
Net liabilities disposed of:	
Property, plant and equipment	556
Inventories	4,939
Trade and other receivables	3,312
Bank balances and cash	234
Trade and other payables	(11,908)
	(2,867)
Gain on disposal of subsidiaries	2,909
Cash consideration	42
Net cash inflow (outflow) arising on disposal:	
Cash consideration	42
Bank balances and cash disposed of	(234)
Cash consideration	(192)

The subsidiaries disposed of did not make any significant contribution to the results or cash flows of the Group for the year.

27. DISPOSAL OF INTERESTS IN ASSOCIATES

The Group disposed of its entire interests in associates in 2004. The effect of the disposal is summarised as follows:

	2004
	HK$'000
Net assets disposed of:	
Interests in associates	232,437
Less: Impairment loss recognised	(153,410)
	79,027
Reserves attributable to the Group and released upon disposal	(13,281)
	65,746
Gain on disposal of interests in associates	12,254
Cash consideration received	78,000

28. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The retirement benefit cost charged to the income statement represents contributions payable to the scheme by the Group at rate specified in the rules of the scheme.

29. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments payable under non-cancellable operating leases which fall due as follows:

	2005 HK$'000	2004 HK$'000
In respect of rented premises:		
Within one year	**2,011**	2,105
In the second to fifth year inclusive	**3,423**	120
	5,434	2,225

Operating lease payments represent rentals payable by the Group for their rented premises. Leases are negotiated for an average term of two to three years.

30. POST BALANCE SHEET EVENTS

Pursuant to a special resolution passed at the special general meeting on 3 March 2006,

(i) every five shares in the issued ordinary share capital of the Company was consolidated into one consolidated share ("Consolidated Share") of par value HK$0.05; and

(ii) every issued Consolidated Share of the Company was reduced in nominal amount by cancelling HK$0.04 of the share capital paid up for each issued Consolidated Share from HK$0.05 to HK$0.01 each so as to form (after the share consolidation) one reorganized share of par value HK$0.01 each.

31. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2005 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Able King Investment Limited	British Virgin Islands*	1 ordinary share of US$1 each	100%	—	Investment holding
Acewell Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Ample Asset Investment Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Cache Up Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Calculation Assets Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Securities investment
Century Power Investment Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
E-Tech Pacific Limited	British Virgin Islands*	1 ordinary share of US$1 each	100%	—	Investment holding
Excel Capital Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Gain Metro Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Gain Star Group Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Gold Castle Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Hopeway Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
MetalsTrack Holdings Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Investment holding

31. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
MetalsTrack International Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive
MetalsTrack Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive
Northlink Holdings Limited	British Virgin Islands*	200 ordinary shares of US$1 each	100%	—	Investment holding
Ocean Vision Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Profit Linkage Enterprises Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive
Swanpak Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive
Target Millennium Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Truewell Asia Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Vaford Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Investment holding
Wealth Prospect Limited	Hong Kong	2 ordinary share of HK$1 each	—	100%	Metals trading and sale of communication products
Winford Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	—	100%	Investment holding
Woodbridge Enterprises Limited	Hong Kong	2 ordinary shares of HK$1 each	—	100%	Inactive

* The companies are engaged in investment business and have no specific principal place of operation.

None of the subsidiaries had any debt securities at 31 December 2005 or at any time during the year.

32. PARTICULARS OF AN ASSOCIATE

Particulars of the Group's associate as at 31 December 2005 are as follows:

Name of associate	Place of incorporation/ operation	Issued share capital/ registered capital	Nominal value of issued share capital/ registered capital held by the Group	Principal activities
Chinachem Industries Limited	Hong Kong	10,000 ordinary shares of HK$1 each	49%	Investment holding

33. PARTICULARS OF JOINTLY CONTROLLED ENTITIES

Particulars of the Group's jointly controlled entities as at 31 December 2005 are as follows:

Name of joint venture	Place of incorporation/ operation	Issued share capital/ registered capital	Nominal value of issued share capital/ registered capital held by the Group	Principal activities
PTAC Cyber E-Biz Limited	Hong Kong	4 ordinary shares of HK$1 each	50%	Investment holding
PTAC Cyber E-Biz (Tianjin) Limited	PRC*	Registered capital HK$2,000,000	50%	Trading of communication products

* Sino-foreign joint entity enterprise registered in the PRC.