

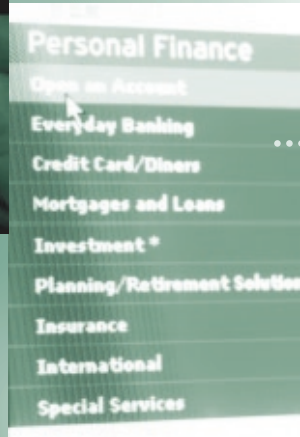


Radford Capital Investment Limited

萊福資本投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 901)



The board of Directors (the "Board") of Radford Capital Investment Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 (the "Period"), which have been reviewed by the Company's audit committee and the auditors, are set out on pages 7 to 15.

Business Review

The unaudited turnover of the Group for the Period was approximately HK\$79,170,000, representing a decrease of 47.39% as compared to that of approximately HK\$150,499,000 in the corresponding period of last year. The unaudited consolidated net loss attributable to shareholders of the Group for the Period was approximately HK\$5,949,000 representing a decrease of 58.39 % as compared to that of approximately HK\$14,297,000 in the corresponding period of last year. The loss per share of the Company was approximately HK 1 cent (2005: HK 0.46 cent).

The loss incurred by the Group in the financial year under review was primarily due to the net loss on investment in securities of approximately HK\$1,373,000 and the loss on foreign exchange of approximately HK\$392,000, which were the results of the continued upward trend of the interest rate and the poor sentiment in global markets in May/June of 2006, which substantially affected the performance of the stocks in Hong Kong.

As at 30 June 2006, the total assets of the Group were approximately HK\$186,151,000, of which the non-current portion and the current portion were approximately HK\$533,000 and approximately HK\$185,618,000 respectively, the current liabilities was about approximately HK\$18,976,000; the net assets of the Group amounted to approximately HK\$167,175,000 (31 December 2005: HK\$141,144,000) and the assets/liabilities ratio was approximately 9.8 (2005: 6.27) and the current ratio was approximately 9.78 (2005: 6.25), both have been improved when compare to those at the end of last year.

The Group had no material contingent liabilities as of 30 June 2006 (2005: Nil).

The Group did not have any material financial changes to be disclosed for the half-year period from 1 January 2006 to 30 June 2006.

The source of funding of the Group is mainly from its internal financial resources and shareholders' fund. The Company had entered into a placing agreement with an independent investor to place a total of 79 million new shares of the Company at the placing price of HK\$0.12 each. The Placing was completed in March 2006 and generated a gross proceeds of approximately HK\$9,480,000 which was mainly used for investment purpose. Further details of the placing of new shares are set out in the announcement of the Company dated 20 February 2006. The Group's cash on hand as at 30 June 2006 was about HK\$1,197,000 and most of which was in HK dollar.



The Company had completed the consolidation of its shares on the basis of every 2 shares in the issued and unissued shares of the Company of HK\$0.02 each were consolidated into one consolidated share of HK\$0.04 each in January 2006. Further details of the shares consolidation are set out in the announcement of the Company dated 18 November 2005 and the circular of the Company dated 7 December 2005.

Foreign Currency Fluctuation

The Group's transactions are mainly denominated in Hong Kong dollar and the remainings are in US dollar. Given the peg of exchange rate of the US dollar and the Hong Kong dollar, the Directors are of the view that the Group's exposure to exchange rate risk is minimal.

Staff

As at 30 June 2006, the Group had employed 4 employees, including three executive directors and had no major changes in the information related to human resources as stated in its 2005 Annual Report.

Financial and Trading Prospects

The principal activities of the Company are to invest in both listed and unlisted companies, which are mainly the small to medium sized companies with good asset backing or growth potential. The Board is of the view that the market sentiment will be improved and further strengthened in the second half of 2006 because interest rate has almost reached its top and the room for further hikes in interest rate is very limited. On the other hand, both QDII and market speculation on the revaluation of Reminbi would cause influx of hot money to the domestic money market and stock market. With stable interest rate and abundant money supply, it is expected that the performance of stock market will be optimistic and the value of the stock portfolio of the Group will have the opportunities to be enhanced.

Purchase, Sale or Redemption of Securities

During the Period, the Company did not purchase, sell or redeem any of the Company's own securities.

Substantial Shareholders' and Other Persons' interests and Short Positions

As at 30 June 2006, the following persons (other than the directors or chief executive of the Company) had interests or 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 Securities and Futures Ordinance ("SFO"):

Name of shareholders	Number of ordinary shares	Percentage
– Success Future Limited (<i>Note a</i>)	34,000,000	5.44%
– Unity Investments Holdings Limited (<i>Note b</i>)	38,888,000	6.22%
– Dollar Group Limited (<i>Note c</i>)	60,710,000	9.71%
– Tsoi Man Chi (<i>Note d</i>)	34,050,000	5.45%

Notes:

- (a) Success Future Limited is beneficially owned by Mr. Au Yeung Kai Chor.
- (b) Unity Investments Holdings Limited is a company listed on the Stock Exchange.
- (c) Dollar Group Limited is a wholly-owned subsidiary of Heritage International Holdings Limited, a company listed on the Stock Exchange.
- (d) An independent third party.

Save as disclosed above, the Company had not been notified by any other person (other than the directors or chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2006.

Arrangements to Acquire Shares or Debenture

At no time during the Period was the Company or its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. The Company did not grant any right to subscribe for the shares in the Company to any directors or chief executive of the Company or their respective spouse or children under the age of 18 during the Period.



Directors' and Chief Executive's Interests and Short Positions

As at 30 June 2006, the directors, the chief executive of the Company or their associates had the interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as 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 the Model Code for Securities Transactions by Directors of Listed Companies ('Model Code') were as follows:

Director	Number of ordinary shares Personal interests
Mr. NAKAJIMA Toshiharu	2,900,000

Saved as disclosed above, none of the directors, the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as 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 the Model Code.

Corporate Governance Report

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Period, with deviation from code provision A.4.1 of the Code in respect of the service term and rotation of directors (as disclosed below).

As of 30 June 2006, the Board of Directors of the Company comprises Mr. Chung Yuk Lun (Chairman), Mr. Nakajima Toshiharu (Chief Executive Officer), Mr. Shimazaki Koji, the Executive Directors, and Mr. Chan Sze Hung, Mr. Wong Kai Cheong, Mr. Kan Kwok Shu, Albert and Mr. Wong Wai Man, Raymond, the Independent Non-executive Directors.

Under the code provision A.4.1 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

None of the existing non-executive Directors of the Company is appointed for a specific term, which constitutes a deviation from the code provision A.4.1 of the Code. However, one-third of the Directors of the Company (both executive and non-executive) are subject to retirement by rotation at each annual general meeting under the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line to those of the Code.

The office of chairman and chief executive officer of the Company has been segregated by different individuals, namely Mr. Chung Yuk Lun, the Chairman, and Mr. Nakajima Toshiharu, the Chief Executive Officer, since February 2006 and, hence, the Company has complied with A.4.2 of the Code. Mr. Chung and Mr. Nakajima are not related to each other in financial, business or family aspects.

During the Period, the Audit Committee of the Company comprises Mr. Chan Sze Hung, Mr. Wong Kai Cheong, Mr. Kan Kwok Shu, Albert and Mr. Wong Wai Man, Raymond, the Independent Non-executive Directors. The Audit Committee had reviewed, discussed and approved the financial statements for the Period, which had been reviewed by the Company's auditors, H L M & Co. Certified Public Accountants.

Save from disclosed above, the Group did not have any material changes in relation to its corporate governance practices as stated in its 2005 Annual Report.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the required standard for the Directors of the Company to trade the securities of the Company. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.



Audit Committee

The Audit Committee, comprising four independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters of the Company including the review of the unaudited interim financial statements and the interim report for the Period. At the request of the Directors, the Company's external auditors, Messrs. HLM & Co., Certified Public Accountants have carried out a review of the unaudited interim financial statements in accordance with the Statement of Auditing Standards 700 "Engagement to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

Condensed Consolidated Income Statement

For the six months ended 30 June 2006

		(Unaudited)	
		For the six months	
		ended 30 June	
		2006	2005
	<i>Notes</i>	HK\$	<i>HK\$</i>
Turnover	(2)	79,170,643	150,499,924
Purchase costs of financial assets at fair value through profit or loss		(90,058,682)	(132,290,619)
Net unrealised holding gain/(loss) on financial assets at fair value through profit or loss		9,514,742	(27,795,217)
Net unrealised holding gain from financial instruments designated at derivatives		1,239,455	–
Realised loss arising from financial instruments designated at derivatives		(1,631,205)	–
Other revenue		68,000	24,557
Administrative and other operating expenses		(3,779,235)	(4,376,106)
Loss from operations	(4)	(5,476,282)	(13,937,461)
Finance costs		(472,679)	(359,967)
Loss before taxation		(5,948,961)	(14,297,428)
Taxation	(5)	–	–
Net loss attributable to shareholders		(5,948,961)	(14,297,428)
Dividend	(6)	–	–
		HK cents	<i>HK cents</i>
Basic loss per share	(7)	1.01	0.46



Condensed Consolidated Balance Sheet

At 30 June 2006

	<i>Notes</i>	(Unaudited) At 30 June 2006 HK\$	(Audited) At 31 December 2005 HK\$
Non-current assets			
Property, plant and equipment		533,531	482,639
Current assets			
Financial assets at fair value through profit or loss	(8)	176,725,578	162,301,938
Derivative financial instruments		1,239,455	–
Accounts receivable, deposit and prepayment		6,455,771	131,789
Cash and bank balances		1,196,954	5,013,776
		185,617,758	167,447,503
Current liabilities			
Borrowings		10,000,000	15,000,000
Creditors and accrued expenses		8,976,145	11,786,037
		18,976,145	26,786,037
Net current assets		166,641,613	140,661,466
Net assets		167,175,144	141,144,105
Capital and reserves			
Share capital	(9)	25,000,908	15,840,908
Reserves		142,174,236	125,303,197
		167,175,144	141,144,105

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	(Unaudited)	
	For the six months ended	
	30 June 2006	30 June 2005
	HK\$	HK\$
Net cash used in operating activities	(31,196,475)	(30,757,488)
Net cash generated from investing activities	399,653	219,831
Net cash generated from financing activities	26,980,000	31,438,206
Net (decrease)/increase in cash and cash equivalents	(3,816,822)	900,549
Cash and cash equivalents at 1 January	5,013,776	512,468
Cash and cash equivalents at 30 June	1,196,954	1,413,017



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2006

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Capital redemption reserves <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2005	45,295,800	186,156,413	168,800	(69,637,909)	161,983,104
Issue of shares by exercising of share options	4,529,580	543,550	–	–	5,073,130
Issue of shares by placing for cash	19,059,160	7,305,916	–	–	26,365,076
Loss for the period	–	–	–	(14,297,428)	(14,297,428)
At 30 June 2005	<u>68,884,540</u>	<u>194,005,879</u>	<u>168,800</u>	<u>(83,935,337)</u>	<u>179,123,882</u>
At 1 January 2006	15,840,908	225,049,662	168,800	(99,915,265)	141,144,105
Issue of shares by placing for cash	9,160,000	22,820,000	–	–	31,980,000
Loss for the period	–	–	–	(5,948,961)	(5,948,961)
At 30 June 2006	<u>25,000,908</u>	<u>247,869,662</u>	<u>168,800</u>	<u>(105,864,226)</u>	<u>167,175,144</u>

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2005.

2. TURNOVER

The analysis of turnover for the Period is as follows:

Proceeds from sale of investments in financial assets at fair value through profit or loss

78,531,861

150,019,828

Dividend income from investments in financial assets at fair value through profit or loss

638,782

480,096

79,170,643

150,499,924

**(Unaudited)
For the
six months
ended
30 June 2006
HK\$**

(Unaudited)
For the
six months
ended
30 June 2005
HK\$

3. SEGMENT INFORMATION

During the periods ended 30 June 2005 and 2006 respectively, more than 90% of the Group's turnover was derived from investment holding and securities trading in Hong Kong, no business and geographical segmental information on turnover are presented. The Group's segment assets and liabilities for the Period, analysed by geographical market, are as follows:

	Hong Kong, SAR		Taiwan		Other parts of the PRC		Other countries		Consolidated total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
ASSETS										
Segment assets	152,161,974	141,769,011	9,708,048	-	15,000,000	20,591,500	7,525,783	-	184,395,805	162,360,511
Unallocated corporate assets									1,755,484	5,569,631
Consolidated total assets									186,151,289	167,930,142
LIABILITIES										
Unallocated liabilities									18,976,145	26,786,037

4. LOSS FROM OPERATIONS

	(Unaudited) For the six months ended 30 June 2006 HK\$	(Unaudited) For the six months ended 30 June 2005 HK\$
Loss from operations has been arrived at after charging:		
Operating lease payments in respect of rented premises	180,182	217,791
Depreciation on property, plant and equipment	68,237	78,374

5. TAXATION

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the Period (2005: Nil)

At the balance sheet date, the Group had unused accumulated tax losses of HK\$38,740,996 (2005: HK\$20,200,000) and accumulated unrealised holding losses on financial assets at fair value through profit or loss of HK\$115,389,936 (2005: HK\$66,271,300) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2005: Nil).

7. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the Period of HK\$5,948,961 (2005: HK\$14,297,428) and on the weighted average number of 588,363,609 shares (2005: 3,083,505,643 shares) in issue.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) At 30 June 2006 HK\$	(Audited) At 31 December 2005 HK\$
Analysis of financial assets at fair value through profit or loss held for trading		
Listed	161,725,578	141,710,438
Unlisted	15,000,000	20,591,500
	<u>176,725,578</u>	<u>162,301,938</u>
Market value of listed financial assets	<u>161,725,578</u>	<u>141,710,438</u>

9. SHARE CAPITAL

Authorised:	Notes	Number of ordinary shares of HK\$0.04 each	Number of ordinary shares of HK\$0.02 each	HK\$
At 31 December 2005		–	10,000,000,000	200,000,000
Share consolidation	a	5,000,000,000	(10,000,000,000)	–
At 30 June 2006		<u>5,000,000,000</u>	<u>–</u>	<u>200,000,000</u>
Issued and fully paid:				
At 31 December 2005		–	792,045,400	15,840,908
Share consolidation	a	396,022,700	(792,045,400)	–
Issue of shares by placing	b	229,000,000	–	9,160,000
At 30 June 2006		<u>625,022,700</u>	<u>–</u>	<u>25,000,908</u>

During the Period, the movements in the Company's share capital are as follows:

- (a) By a special resolution passed at the extraordinary general meeting held on 30 December 2005, every 2 shares in the issued and unissued share capital of the Company of HK\$ 0.02 each be consolidated into 1 consolidated share of HK\$0.04 each.
- (b) On 16 January 2006 and 8 March 2006 the Company respectively issued and allotted 150,000,000 and 79,000,000 new shares at HK\$0.15 and HK\$0.12 each by placing.

10. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the Period which were carried out in the normal course of the Group's business:

Name of related party	Nature of transaction	(Unaudited)	(Unaudited)
		For the six months ended 30 June 2006 HK\$	For the six months ended 30 June 2005 HK\$
CU Investment Management Limited (<i>Note</i>)	Investment management fee	480,000	1,059,183

Note:

On 3 November 2003, the Company and CU Investment Management Limited ("CUIM") entered into an investment management agreement for appointing CUIM as investment manager of the Group for a term of three years commencing on 3 November 2003. On 16 November 2005, the Company and CUIM entered into a supplemental investment management agreement for agreeing to reduce the investment management fee to HK\$80,000 per month with effect from 1 January 2006.

11. COMMITMENTS

At 30 June 2006, the Group had lease commitments for future minimum lease payments under non-cancellable operating lease in respect of land and buildings falling due as follows:

	(Unaudited) At 30 June 2006 HK\$	(Audited) At 31 December 2005 HK\$
Within one year	150,000	439,296
In the second to fifth years inclusive	125,000	457,600
	275,000	896,896

12. PLEDGE OF ASSETS

At the balance sheet date, certain securities held by the Group with aggregate net book value of HK\$152,017,530 (31 December 2005: HK\$134,727,958) were pledged to brokers to secure margin financing provided to the Group.

Independent Review Report

恒健會計師行

HLM & Co.

Certified Public Accountants

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To the Board of Directors of Radford Capital Investment Limited 萊福資本投資有限公司

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 7 to 15.

Directors' responsibilities

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the 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.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

HLM & Co.

Certified Public Accountants
Hong Kong, 8 September 2006