



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Principal accounting policies

The unaudited interim financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2005.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1st January, 2006. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Potential impact arising from the recently issued accounting standards

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

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-INT 8	Scope of HKFRS 2 ³
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for accounting periods beginning on or after 1st January, 2007

² Effective for accounting periods beginning on or after 1st March, 2006

³ Effective for accounting periods beginning on or after 1st May, 2006

⁴ Effective for accounting periods beginning on or after 1st June, 2006



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. Turnover, other revenues and segment information

The Group is principally invests in securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and unlisted securities, including equity securities, convertible notes, issued by corporate entities. Total revenues recognised during the period are as follows:

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Turnover:		
Interest income from		
– bank deposits	249,542	96,713
– loan receivables	804,301	790,723
– convertible notes	93,699	–
Dividend income from		
– listed investments	–	129,176
– unlisted investments	135,266	300,000
	1,282,808	1,316,612
Other revenues:		
Net unrealised gain on financial assets at fair value through profit or loss	1,951,241	–
Net realised gain on sale of financial assets at fair value through profit or loss	3,403,625	2,740,483
Written back of provision for impairment loss on accounts receivables	8,300,000	–
Net exchange gain	3,827	–
Sundry income	803,587	1,097,675
	14,462,280	3,838,158
Total revenues	15,745,088	5,154,770

No analysis of the Group's revenues and contribution to operating profit (loss) for the period set out by principal activities and geographical markets is provided as the Group has only one single business segment, which is investment holding, and less than 10% of the consolidated revenue, results and assets of the Group are attributable to markets outside Hong Kong.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. Operating profit (loss)

Operating profit (loss) is stated after charging the following:

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Management fees (<i>Note 14</i>)	1,289,067	1,137,480
Mandatory provident fund contributions	39,363	37,365
Share option expenses included in employee benefit expenses (<i>Note 13</i>)	908,000	–
Operating lease in respect of land and buildings	671,483	603,710
Provision for impairment loss on accounts receivables	–	1,744,208

5. Finance costs

Amount represents interest on bank overdraft and interest on interest-bearing borrowings.

6. Income taxes

Hong Kong profits tax has not been provided as the Group has no assessable profit during the period.

7. Dividend

The directors of the Company do not recommend any payment of interim dividend for the six months ended 30th June, 2006 (2005: Nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

8. Earnings (Loss) per share

The calculation of basic and diluted earnings (loss) per share is as follows:

	Six Months ended 30th June,	
	2006 (Unaudited)	2005 (Unaudited)
Profit (Loss) attributable to shareholders of the Company (HK\$)	<u>9,999,854</u>	<u>(4,198,208)</u>
Weighted average number of shares for the purpose of basic earnings (loss) per share calculation	146,102,374	136,301,821
Potential dilutive shares – share options	<u>744,738</u>	<u>–</u>
Weighted average number of shares for the purpose of diluted earnings per share calculation	<u>146,847,112</u>	<u>136,301,821</u>
Basic earnings (loss) per share (HK cents)	6.84	(3.08)
Diluted earnings per share (HK cents) (Note)	<u>6.81</u>	<u>N/A</u>

Note: In last period, no diluted loss per share amount had been presented as there was no dilutive potential ordinary shares during that period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

9. Accounts receivables

	As at 30th June, 2006 (Unaudited) HK\$	As at 31st December, 2005 (Audited) HK\$
Accounts receivable	12,639,670	43,322,685
Loan receivables, secured	13,700,000	13,700,000
Interest receivable	736,498	678,498
Deposits	389,119	469,740
Prepayments	486,833	211,352
Other receivables	–	249,589
	<u>27,952,120</u>	<u>58,631,864</u>

The loan receivables are interest-bearing.

The ageing analysis of the accounts receivables are as follows:

	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Balance at					
30th June, 2006	<u>193,693</u>	<u>110,434</u>	<u>37,941</u>	<u>27,610,052</u>	<u>27,952,120</u>
Balance at					
31st December, 2005	<u>42,879,738</u>	<u>63,389</u>	<u>62,846</u>	<u>15,625,891</u>	<u>58,631,864</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. Accounts payables

	As at 30th June, 2006 (Unaudited) HK\$	As at 31st December, 2005 (Audited) HK\$
Accruals	314,357	1,712,487
Interest payables	–	228,937
Receipt in advance	380,000	–
Dividend payable	3,793	–
	<u>698,150</u>	<u>1,941,424</u>

The ageing analysis of the accounts payables are as follows:

	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Balance at					
30th June, 2006	<u>479,493</u>	<u>116,729</u>	<u>10,700</u>	<u>91,228</u>	<u>698,150</u>
Balance at					
31st December, 2005	<u>1,724,381</u>	<u>42,777</u>	<u>43,872</u>	<u>130,394</u>	<u>1,941,424</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. Interest-bearing borrowings

	As at 30th June, 2006 (Unaudited) HK\$	As at 31st December, 2005 (Audited) HK\$
Repayable within one year:		
– loan (<i>Note a</i>)	–	2,500,000
– instalment loan (<i>Note b</i>)	–	5,000,000
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	–	7,500,000
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Note:

- (a) The loan was unsecured, interest-bearing at 6% per annum and had been repaid during the period.
- (b) The instalment loan was unsecured, interest-bearing at 5% per annum and had been repaid during the period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

12. Share capital

	Number of shares	Amount <i>HK\$</i>
Ordinary shares of HK\$0.20 each		
Authorised:		
At 1st January, 2005, 31st December, 2005 and 30th June, 2006	<u>500,000,000</u>	<u>100,000,000</u>
	Number of shares	Amount <i>HK\$</i>
Issued and fully paid:		
At 1st January, 2005	121,802,374	24,360,475
Issue of shares (<i>Note a</i>)	<u>24,300,000</u>	<u>4,860,000</u>
At 31st December, 2005 and 30th June, 2006	<u>146,102,374</u>	<u>29,220,475</u>

Note:

- (a) Pursuant to a share placing agreement with a placing agent dated 1st March, 2005, the Company agreed to place through the placing agent an aggregate of 24,300,000 placing shares, on a fully underwritten basis, to not fewer than six placees, at a price of HK\$0.35 per share. On 15th March, 2005, such placing shares were issued and fully paid.
- (b) Details of share option scheme are set out in note 13 to the unaudited interim financial statements.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. Share option scheme

The Company has adopted a share option scheme (the "Share Option Scheme") at its extraordinary general meeting held on 28th June, 2005. All directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Company and its subsidiaries and consultants, advisors, agents, customers, service providers, contractors, business partners of any member of the Group or any member of it has a shareholding interest, in the sole discretion of the Board, has contributed to the Group or any member of it are eligible to participate in the Share Option Scheme.

Each option gives the holder the right to subscribe for one ordinary share in the Company. Upon acceptance of the options, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

An option may be exercised at any time during a period as 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. Unless otherwise determined by the Board at its sole discretion, the Share Option Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised.

The Share Option Scheme will remain in force for a period of ten years from 28th June, 2005.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. Share option scheme (continued)

The terms and conditions of the unexpired and unexercised share options at 30th June, 2006 are as follows:

	Date of grant	Exercise period	Number of options			Exercise price HK\$
			As at 1st January, 2006	Granted during the period	As at 30th June, 2006	
Director						
Lee Fong Lit David	17/1/2006	17/1/2006 – 16/1/2009	–	140,000	140,000	0.55
Chow Pok Yu Augustine	17/1/2006	17/1/2006 – 16/1/2009	–	140,000	140,000	0.55
Lam Andy Siu Wing, JP	17/1/2006	17/1/2006 – 16/1/2009	–	1,460,000	1,460,000	0.55
Tong Kim Weng Kelly	17/1/2006	17/1/2006 – 16/1/2009	–	140,000	140,000	0.55
Ho Man Kai Anthony	17/1/2006	17/1/2006 – 16/1/2009	–	140,000	140,000	0.55
Wong Yun Kuen	17/1/2006	17/1/2006 – 16/1/2009	–	140,000	140,000	0.55
Contracted employees in aggregate	17/1/2006	17/1/2006 – 16/1/2009	–	2,920,000	2,920,000	0.55
			–	<u>5,080,000</u>	<u>5,080,000</u>	

No option was exercised, lapsed or cancelled during the period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. Share option scheme (continued)

No option was granted, exercised, lapsed or cancelled during the period ended 30th June, 2005 or remained outstanding as at 30th June, 2005.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes Options Pricing Model.

The variables of the option served as inputs into the model are listed as follows:

Grant date/Date of valuation	17th January, 2006
Option type	American
Stock asset price (closing on the date of valuation) (HK\$)	0.55
Option exercise price (HK\$)	0.55
Exercise period	17th January, 2006 to 16th January, 2009
Exercise period/Maturity (Year)	Three
Assumed exercise date	16th January, 2009
Risk-free interest rate (Note a)	3.783%
Annualised volatility (Note b)	54%
Dividend yield (Note c)	3.61%
Fair value of option granted (HK\$/share)	0.1788

Note:

- (a) The applicable risk-free interest rate was the yield of three years Hong Kong Monetary Authority exchange fund notes quoted at the date of valuation.
- (b) The volatility was generated from Bloomberg based on the Company's 180 days historical share prices before the date of valuation.
- (c) The dividend yield was quoted from Bloomberg based on the historical performance of the Company.

The estimated fair value of HK\$908,000 (2005: Nil) with respect to share options granted to directors and employees on 17th January, 2006, were charged to the profit and loss account during the period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. Management contracts

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Management fees paid to:		
– Harmony Asset Management Limited (“HAML”)	<u>1,289,067</u>	<u>1,137,480</u>

The Company has entered into an investment management agreement with HAML, a company which is wholly owned by Dr. Chow Pok Yu, Augustine. Under the agreement, HAML has agreed to assist the Board with the day-to-day management of the Group until 31st May, 2007. In accordance with the investment management agreement, HAML is entitled to a monthly fee calculated at 1.5% per annum on the net asset value of the Company of the preceding month and an incentive fee at 10% of the surplus in the net asset value over a financial year. Dr. Chow, being a beneficial shareholder, was interested in these contracts.

15. Commitments

(a) Commitments under operating leases

As at 30th June, 2006, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	As at	As at
	30th June,	31st December,
	2006	2005
	(Unaudited)	(Audited)
	HK\$	HK\$
Within one year	1,420,855	1,601,805
In the second to fifth years inclusive	<u>874,656</u>	<u>1,494,609</u>
	<u>2,295,511</u>	<u>3,096,414</u>

The Group leases an office and an incubation centre under operating leases. The leases typically run from an initial period of three years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.



NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. Commitments (continued)

(b) Capital commitments

Capital commitments in respect of capital contributions to investment projects outstanding at 30th June, 2006 not provided for in the financial statements are as follows:

	As at 30th June, 2006 (Unaudited) HK\$	As at 31st December, 2005 (Audited) HK\$
Contracted for	—	1,000,000

16. Approval of the unaudited interim financial statements

The unaudited interim financial statements were approved and authorised for issue by the Board on 19th September, 2006.