NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

As at 30th June, 2006, the Group is organised into three operating divisions — cold storage and logistics services, manufacturing and trading of ice, and property investment. The provision of cold storage and logistics services, and manufacturing and trading of ice are new segments in the current period.

In December 2004, the Group entered into a conditional sale and purchase agreement to dispose of the entire issued capital in Best Goal International Limited and Double Worth Profits Limited, both are indirectly wholly-owned subsidiaries of the Company, which carried on property investment business, for a cash consideration of HK$650,000,000. Details of the disposal were set out in the circular of the Company dated 20th January, 2005 (see note 15(b)). The property investment business became discontinued upon the completion of the disposal on 15th February, 2005 and the property investment business was disclosed as discontinued operation in 2004's annual report and the interim financial report for the six months ended 30th June, 2005. During the second-half year of 2005, the Group purchased investment property and explored this business again. Accordingly, the property investment segment is disclosed as continuing operation for the current period, and the comparative figures of property investment segment was re-classified from discontinued operation as continuing operation.

On 22nd February, 2006, the Company announced that a conditional sale and purchase agreement was entered into among one of its wholly-owned subsidiaries and the purchaser on 17th February, 2006 in respect of the disposal of the entire issued capital in certain subsidiaries which carried out construction work contracting and sales of concrete products. The disposal was approved by the shareholders on 6th March, 2006 (see note 15(a)). Details of the disposal were set out in the circular of the Company dated 22nd March, 2006. Accordingly, the business segment of construction work contracting and sales of concrete products was classified as discontinued operation, and the comparative figures of construction work contracting and sales of concrete products was re-classified from continuing operation as discontinued operation.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (Cont'd)

During the last period, the Group sub-leased two cold storage warehouses in Hong Kong to Brilliant Cold Storage Management Limited ("BCSML") and Brilliant Top In Logistics Limited ("BTILL"), the wholly-owned subsidiaries of Best Merchant Limited. During the current period, through the acquisition of Best Merchant Limited on 9th January, 2006 as mentioned in note 14, BCSML and BTILL become the wholly-owned subsidiaries of the Company and the sub-leasing business of the Group has been ceased since 9th January, 2006. Accordingly, the sub-leasing business segment no longer exists for the current period, and the comparative figures of sub-leasing business segment was re-classified from continuing operation as discontinued operation.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties, which are measured at fair value, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2005 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("INTs") (new "HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company is still not yet in the position to reasonably estimate the impact that may arise on the Group's results and financial position from the application of these standard, amendment or interpretations.

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]

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

[1] Effective for annual periods beginning on or after 1st January, 2007.

[2] Effective for annual periods beginning on or after 1st March, 2006.

[3] Effective for annual periods beginning on or after 1st May, 2006.

[4] Effective for annual periods beginning on or after 1st June, 2006.

3. SEGMENT INFORMATION

The Group's turnover for the period was derived mainly from activities carried out in Hong Kong. An analysis of the Group's turnover and segment results by business segment which is the Group's primary reporting segment is as follows:

For the six months ended 30th June, 2006

	Continuing operations				Discontinued operation	
	Cold storage and logistics services HK$'000	Manufacturing and trading of ice HK$'000	Property investment HK$'000	Total HK$'000	Construction work contracting and sales of concrete products HK$'000	Consolidated HK$'000
REVENUE	72,010	1,420	—	73,430	4,022	77,452
SEGMENT RESULT	1,329	237	(262)	1,304	(844)	460
Unallocated corporate income						3,207
Unallocated corporate expenses						(4,034)
Gain on disposal of subsidiaries	—	—	—	—	879	879
Finance costs						(14)
Profit before tax						498
Taxation	100	—	—	100	—	100
Profit for the period						598

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Cont'd)

For the six months ended 30th June, 2005

	Continuing operation	Discontinued operations			
	Property investment HK$'000	Construction work contracting and sales of concrete products HK$'000	Sub-leasing HK$'000	Total HK$'000	Consolidated HK$'000
REVENUE	5,145	38,392	14,955	53,347	58,492
SEGMENT RESULT	5,093	2,881	(6,443)	(3,562)	1,531
Unallocated corporate income					1,217
Unallocated corporate expenses					(1,097)
Gain on disposal of subsidiaries	5,289	—	—	—	5,289
Share of results of an associate					(116)
Impairment loss in respect of interest in an associate					(1,430)
Finance costs	(994)	—	—	—	(994)
Profit before tax					4,400
Taxation	(664)	(51)	—	(51)	(715)
Profit for the period					3,685

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

4. TAXATION

	Six months ended	
	30.6.2006 HK$'000	30.6.2005 HK$'000
The (credit) charge comprises:		
Continuing operations:		
Hong Kong Profits Tax	(280)	342
Deferred taxation	180	322
Income tax relating to continuing operations	(100)	664
Discontinued operations:		
Hong Kong Profits Tax	—	—
Deferred taxation	—	51
Income tax relating to discontinued operations	—	51
	(100)	715

Hong Kong Profits Tax is calculated at 17.5% of estimated assessable profit.

No provision for Hong Kong Profits Tax has been made during the six months ended 30th June, 2006 as the Group has no assessable profit for the period. The tax credit represents the overprovision of Hong Kong Profits Tax in prior year.

The tax charge for the six months ended 30th June, 2005 had been partly relieved by the tax losses brought forward from previous years.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5. CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30.6.2006 HK$'000	30.6.2005 HK$'000
Consolidated profit (loss) for the period have been arrived at after charging (crediting) the following items:		
Depreciation	2,622	2,798
Release of prepaid lease payments	60	302
Loss (gain) on disposal of property, plant and equipment	22	(1)
Interest income	(3,218)	(1,866)

6. DIVIDEND

No dividend was paid during the period.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June, 2006 and 30th June, 2005.

7. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2006 HK$'000	30.6.2005 HK$'000
Earnings:		
Earnings for the purposes of basic earnings per share	598	3,685
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,095,470	3,000,000

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

7. EARNINGS PER SHARE (Cont'd)

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2006 HK$'000	30.6.2005 HK$'000
Earnings:		
Earnings for the period attributable to equity holders of the Company	598	3,685
Less: Profit (loss) for the period from discontinued operations	35	(3,613)
Earnings for the purposes of basic earnings per share from continuing operations	563	7,298

Basic earning per share for discontinued operations is insignificant (six months ended 30.6.2005: loss of 0.12 HK cents per share), based on the profit for the period from discontinued operations of HK$35,000 (six months ended 30.6.2005: loss of HK$3,613,000). The denominators used are the same as those detailed above for basic earnings per share.

8. INVESTMENT PROPERTY

The fair value of the Group's investment property at 30th June, 2006 has been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Ltd., an independent firm of professional property valuers not connected with the Group. RHL Appraisal Ltd. is member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. There is no change in fair value of the investment property during the period.

The investment property of the Group is situated in Hong Kong and held under medium-term leases. The investment property as at 30th June, 2006 is vacant.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

9. INTEREST IN AN ASSOCIATE

	30.6.2006 HK$'000	31.12.2005 HK$'000
Cost of investment in an associate	3,257	3,257
Share of post-acquisition losses, net of dividend received	(1,827)	(1,827)
Less: Impairment	(1,430)	(1,430)
	—	—

10. TRADE AND OTHER RECEIVABLES

The Group allows a credit period ranging from 30 to 60 days to its customers in respect of provision of cold storage and logistics services, and manufacturing and trading ice.

Included in trade and other receivables are trade receivables with an aged analysis as follows:

	30.6.2006 HK$'000	31.12.2005 HK$'000
0–30 days	12,651	—
31–60 days	9,679	—
61–90 days	4,222	—
91–120 days	238	—
More than 120 days	44	—
	26,834	—

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis as follows:

	30.6.2006 HK$'000	31.12.2005 HK$'000
0–30 days	3,104	—
31–60 days	1,243	—
61–90 days	375	—
91–120 days	12	—
More than 120 days	2	—
	4,736	—

12. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares '000	Amount HK$'000	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.01 each				
At 1st January, 2006	5,000,000	50,000	3,000,000	30,000
Placement of new shares	—	—	480,000	4,800
At 30th June, 2006	5,000,000	50,000	3,480,000	34,800

The placement of shares was completed on 26th May, 2006 and 480,000,000 ordinary shares of HK$0.01 each in the Company were issued at a price of HK$0.116 per share. All the new shares issued rank pari passu in all respects with the then existing shares.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

13. SHARE OPTION SCHEME

During the period, the Company has terminated the existing share option scheme ("Old Scheme"), which was adopted on 29th August, 2000, and adopted a new share option scheme ("New Scheme") for eligible employees and non-executive directors of the Group. Details of the New Scheme were set out in the circular of the Company dated 23rd December, 2005. The resolutions of terminating the Old Scheme and the adoption of New Scheme were approved by the shareholders in the special general meeting of the Company on 9th January, 2006.

No share options have been granted under the Old Scheme and New Scheme.

14. ACQUISITION OF SUBSIDIARIES

On 17th October, 2005, Newton Luck Limited ("Newton"), a wholly-owned subsidiary of the Company, entered into an agreement with Choice Master Investments Limited ("Choice Master"), an independent third party, and Mr. Yeung Ming Kwong, Tony, the sole and beneficial shareholder and director of Choice Master pursuant to which Newton conditionally agreed to acquire and Choice Master conditionally agreed to sell to Newton the entire issued share capital of Best Merchant Limited at a cash consideration of HK$56 million. The acquisition was completed on 9th January, 2006.

The group headed by Best Merchant Limited carries out the businesses of provision of cold storage and logistics services, and manufacturing and trading of ice.

The carrying amounts of the net assets, which approximate to their fair values, acquired in the transaction, and the goodwill arising are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	23,544
Trade and other receivables	39,267
Bank balances and cash	1,637
Trade and other payables	(12,939)
Tax payable	(7,228)
Deferred tax liabilities	(1,110)
	43,171
Goodwill	14,913
Total consideration	58,084

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

14. ACQUISITION OF SUBSIDIARIES (Cont'd)

	HK$'000
Satisfied by:	
Cash	56,000
Cash paid for expenses related to acquisition	2,084
	58,084
Net cash outflow arising on acquisition:	
Cash consideration paid	(56,000)
Cash paid for expenses related to acquisition	(2,084)
Bank balances and cash acquired	1,637
	(56,447)
Deposit paid for acquisition in prior year	10,000
	(46,447)

The goodwill arising on the acquisition of Best Merchant Limited is attributable to the anticipated profitability of the business of provision of cold storage and logistics services, and manufacturing and trading of ice.

Best Merchant Limited contributed HK$73.4 million and HK$1.6 million to the Group's revenue and profit before tax, respectively, for the period between the date of acquisition and 30th June, 2006.

As the above acquisition was completed on 9th January, 2006, the directors considered that the revenue and profit before tax of Best Merchant Limited for the period as though the acquisition date for the acquisition effected during the period had been the beginning of that period should not be materially different from the revenue and profit before tax between the date of acquisition to 30th June, 2006.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

15. DISPOSAL OF SUBSIDIARIES

a. Discontinued operation

On 17th February, 2006, the Group disposed of its entire equity interest in Daido Building Materials Limited, Daido Home International (B.V.I.) Limited, Daido Home International Limited and Ytong Hong Kong Limited, all were indirect wholly-owned subsidiaries of the Company, which carried on business of construction work contracting and sales of concrete products, for a cash consideration of HK$25,000,000. The disposal was completed on 31st March, 2006.

The major classes of assets and liabilities of construction work contracting and sales of concrete products at the date of disposal and 31st December, 2005 were as follows:

	31.3.2006 HK$000	31.12.2005 HK$'000
Property, plant and equipment	6,919	6,919
Long-term receivables	6,152	5,636
Prepaid lease payments	2,836	2,896
Inventories	5,973	5,723
Trade and other receivables	6,397	8,245
Rental deposits paid	—	114
Loans receivable	—	3,000
Amount due from customers for contract work	3	—
Deferred tax assets	88	88
Bank balances and cash	4,868	5,845
Assets classified as held for sale	33,236	38,466

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

15. DISPOSAL OF SUBSIDIARIES (Cont'd)

a. Discontinued operation (Cont'd)

	31.3.2006 HK$000	31.12.2005 HK$'000
Amounts due to customers for contract work	(4,072)	(4,017)
Trade and other payables	(5,424)	(9,190)
Guarantee money received	(87)	(87)
Liabilities associated with assets classified as held for sale	(9,583)	(13,294)
Net assets disposed of	23,653	
Cost incurred in relation to the disposal	468	
Gain on disposal of subsidiaries	879	
Total consideration	25,000	
Net cash inflow arising on disposal:		
Cash consideration received	25,000	
Cost incurred in relation to the disposal	(468)	
Bank balances and cash disposed of	(4,868)	
	19,664	

The subsidiaries disposed of during the period has constituted a cash outflow of HK$3,307,000 in the Group's operating activities, cash inflow of HK$3,005,000 in the investing activities and did not have cash flow in respect of financing activities.

The disposed subsidiaries had contributed HK$4,022,000 to the Group's revenue and no significant contributions to the Group's profit for the period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

15. DISPOSAL OF SUBSIDIARIES (Cont'd)

b. Continuing operations

As detailed in note 1, the Company disposed of the entire issued share capital in Best Goal International Limited and Double Worth Profits Limited on 15th February, 2005. The net assets of the disposal at the date of disposal were as follows:

	HK$'000
Net assets disposed of	523,143
Gain on disposal	5,289
Total net consideration	528,432
Satisfied by:	
Net cash consideration	528,432
Net cash inflow arising on disposal:	
Net cash consideration received	528,432
Bank balances and cash disposal of	(3,215)
	525,217

The subsidiaries disposed of during the six months ended 30th June, 2005 used HK$191,000 in the Group's operating activities, generated HK$156,000 from the investing activities and used HK$740,000 in the financing activities.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

16. PLEDGE OF ASSETS

As at 30th June, 2006, banking facilities to the extent of approximately HK$3,300,000 (31.12.2005: nil) of the Group were secured by fixed and floating charges on the assets of the Group. The carrying value of these assets pledged was HK$64,000,000 as at 30th June, 2006 (31.12.2005: nil).

As at 30th June, 2006, fixed deposits of HK$56,875,000 (31.12.2005: nil) are pledged to a bank which provides bank guarantee in favour of two landlords for a sum equivalent to 12 months rent payable by the Group under tenancy agreements.

17. CONTINGENT LIABILITIES

As at 30th June, 2006, the Group had the following contingent liabilities:

(a) At 27th September, 2002, a Dangerous Hillside Order was issued by the Buildings Department requiring necessary improvement works to be carried out on the hillside adjacent to the Group's investments properties, which had been disposed of in February 2005 through the disposal of subsidiaries. After the disposal, the Group is still liable to the necessary improvement works. Tender for the relevant improvement works was made to a contractor for a sum of HK$856,000 on 7th November, 2005 and the work is expected to be completed by the end of 2006;

(b) As at 15th February, 2005, a deed of indemnity in the amount of approximately HK$5 million in respect of taxation was entered into among one of the subsidiaries and Best Goal International Limited, Double Worth Profits Limited, Brilliant Gain Investments Limited and Ultimate Profits Limited which were indirectly wholly-owned subsidiaries of the Company and were disposed of by the Company in early 2005, regarding the potential tax claimed by tax authority to Best Goal International Limited, Double Worth Profits Limited, Brilliant Gain Investments Limited and Ultimate Profits Limited. The directors are of the opinion that the potential for the tax claims was remote and hence, will not give rise to any material adverse impact on the financial position of the Group. No provision has been made in the condensed financial statements of the Group; and

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

17. CONTINGENT LIABILITIES (Cont'd)

(c) The Group provided corporate guarantees to the extent of approximately HK$4.4 million to main contractors (which are independent third parties) to secure the due performance of its former subsidiaries in certain autoclaved aerated lightweight concrete blocks and panel projects. The purchaser of these former subsidiaries had undertaken to procure the corporate guarantees to be released after completion of disposal of the former subsidiaries on 31st March, 2006 and also to indemnify and keep the Company indemnified in full against all losses, damages, claims etc. suffered or incurred by the Company in connection with or arising from the corporate guarantees. The Company will request the purchaser to release the corporate guarantee as soon as possible.

18. RELATED PARTY TRANSACTIONS

During the period, the Group paid no office rent (six months ended 30.6.2005: HK$342,000) to a related company. The related company is beneficially held by Mr. To Shu Fai, a former director of the Company.

19. POST BALANCE SHEET EVENT

On 29th May, 2006, Grand Decade Enterprises Limited, a wholly-owned subsidiary of the Company, entered into agreement to acquire from Ever Apollo Limited the entire equity interest in Jumbonet International Profits Limited, a company which has a 12% indirect interest in Grand Waldo Complex, a hotel resort complex located in Macau. The total consideration for the acquisition is HK$336 million, of which HK$100 million has been paid before 30th June, 2006. Details of the acquisition were set out in the circular of the Company dated 21st August, 2006.

The acquisition was approved by the shareholders during the special general meeting of the Company being convened on 4th September, 2006.