Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

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"). Its ultimate holding company is Winning Concept Investments Limited, a private limited company incorporated in the British Virgin Islands. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company located at Suites 604-05, 6th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.

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

The Company is an investment holding company. The principal activities of the Group are provision of investment and financial services and the distribution and trading of lubricant oil additives, supply chain management system software and children's playground equipment and accessories. The principal activities of its principal subsidiaries are set out in note 32.

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 ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("INT") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following area that has an effect on how the results and the financial position for the current or prior accounting years are prepared and presented:

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

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

Financial instruments

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 generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

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

Financial assets previously within the scope of Statement of Standard Accounting Practice No. 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24")

At 30th June, 2005, the Group classified and measured its investments in equity securities in accordance with the benchmark treatment of SSAP 24. Under SSAP 24, investments in equity securities are classified as "investment securities" or "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. From 1st July, 2005 onwards, the Group has classified and measured its investments in 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. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

On 1st July, 2005, the Group classified and measured its investments in equity securities in accordance with the requirements of HKAS 39. Investments in securities classified under non-current assets with a carrying amount of approximately HK$4,206,000 were reclassified to available-for-sale investments. Included in the available-for-sale investments was approximately HK$2,010,000 unlisted equity investments of which fair value cannot be measured reliably and was therefore stated at cost less impairment loss. The remaining HK$2,196,000 available-for-sale investments represented listed equity securities and were stated at fair value. Investments in securities classified under current assets with a carrying amount of approximately HK$9,901,000 was reclassified to investments held-for-trading on 1st July, 2005.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

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

Financial Instruments (continued)

Financial assets and financial liabilities other than debt and equity securities

From 1st July, 2005 onwards, the Group has classified and measured 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 "other financial liabilities". "Financial liabilities at fair value through profit or loss" are measured at fair value, with changes in fair value being recognised in profit or loss directly. "Other financial liabilities" are carried at amortised cost using the effective interest method after initial recognition. The adoption of HKAS 39 has had no material effect on the Group's accumulated losses at 1st July, 2005.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The cumulative effects of the application of the new HKFRSs on 30th June, 2005 and 1st July, 2005 are summarised below:

	As at 30th June, 2005 (originally stated)	Effect of HKAS 39	As at 1st July, 2005 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Balance sheet items			
Investments in securities (non-current)	4,206	(4,206)	–
Available-for-sale investments	–	4,206	4,206
Investments in securities (current)	9,901	(9,901)	–
Investments held-for-trading	–	9,901	9,901
Total effects on assets and liabilities	14,107	–	14,107

The application of the new HKFRSs has had no effect to the Group's equity at 1st July, 2004, 30th June, 2005 and 1st July, 2005.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the 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]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	The effects of changes in foreign exchange rates – 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 & 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]
HK(IFRIC) – INT 8	Scope of HKFRS 2[5]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[6]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[7]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st January, 2006.
[3] Effective for annual periods beginning on or after 1st December, 2005.
[4] Effective for annual periods beginning on or after 1st March, 2006.
[5] Effective for annual periods beginning on or after 1st May, 2006.
[6] Effective for annual periods beginning on or after 1st June, 2006.
[7] Effective for annual periods beginning on or after 1st November, 2006.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, 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 HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to 30th June each year.

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 intra-group transactions, balances, income and expenses are eliminated on consolidation.

Interest in an associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in an associate (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recongised at the date of acquisition is recognised as goodwill. Goodwill arising on acquisitions prior to 1st January, 2005 was capitalised and amortised over its estimated useful life. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, was recognised immediately in profit or loss.

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods sold by the Group to outside customers, less discounts, returns and allowances.

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

Sales of investments in securities are recognised on a trade-date basis when contracts are executed.

Interest income from a financial asset is accrued on a time basis, by reference to the 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 investments is recognised when the Group's rights to receive payment have been established.

Property, plant and equipment

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

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

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.

Financial assets

The Group's financial assets are classified into one of the three categories, including 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 currently include financial assets held for trading. 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables 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 (including trade and other receivables and short-term loans receivable) 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated on initial recognition or not classified as any of the other categories set out above. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods.

For available-for-sale equity investments that do not have a quoted market price in an active market and which fair value cannot be reliably measured, 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (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 trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet when, and only when, they are extinguished (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recongnised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the revalued asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

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

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

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax 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 tax liabilities are generally recognised for all taxable temporary differences, and deferred tax 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 goodwill or from the 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 tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax 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 tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leasing

The Group as lessee

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.

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 on a straight line basis.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

4. 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 exchange 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 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, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefits costs

Payments to defined contribution retirement benefit plans and the Group's Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense as they fall due.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. The key sources of estimation uncertainty and the critical judgements that can significantly affect the amounts recognised in the financial statements are disclosed below.

Litigation

The outcome of the litigation as disclosed in note 29 is still uncertain at the balance sheet date. Management had provided an amount of HK$5,996,000 in the financial statements based on the opinion of the Company's legal advisors. When the litigation is settled or more information is available to management in respect of the possible outcome, the provision amount may change.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, trade and other receivables, short-term loans receivable, investments held for trading, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments are currency risk, credit risk, price risk, interest rate risk and liquidity risk. Management reviews and agrees policies for managing each of these risks and they are summarised below:

Currency risk

The Group's monetary assets and liabilities are primarily denominated in Hong Kong dollar and thus the Group would not have significant exposures to material fluctuations in exchange rates. As at 30th June, 2006, the Group had no material exposures under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations at 30th June, 2006 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimise credit risk, the Group's management has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's management reviews the recoverable amount of each individual trade debt and loans regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

With respect to trade debts, the Group has no significant concentration of credit risk, with exposure spread over a number of customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Price risk

The Group is exposed to equity price risk through investments held-for-trading. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Interest rate risk

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure of the short term bank deposits to interest rate risk is not significant as interest bearing bank balances have short maturity periods.

In addition, the Group has exposure to fair value interest rate risk through the impact of the rate changes on the fixed rate loans receivable. The Group does not have an interest rate hedging policy. However, management monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arises.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Group maintains its adequate financial position with cash and cash equivalents of approximately HK$5.75 million (2005: HK$12.44 million). The Group is basically debt-free and in a net cash position.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions namely investment and financial services (mainly sales of securities) and distribution and trading (mainly sales of goods).

Segment information about these businesses is presented below:

	Investment and financial services HK$'000	Distribution and trading HK$'000	Consolidated HK$'000
Income statement for the year ended 30th June, 2006			
Turnover	30,265	193	30,458
Segment results	(11,465)	(629)	(12,094)
Unallocated corporate expenses			(1,864)
Gain on derecognition of interest in subsidiaries			160
Loss for the year			(13,798)
Balance sheet at 30th June, 2006			
ASSETS			
Segment assets	16,118	1,260	17,378
Unallocated corporate assets			206
Consolidated total assets			17,584
LIABILITIES			
Segment liabilities	1,147	375	1,522
Unallocated corporate liabilities			9,755
Consolidated total liabilities			11,277

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

	Investment and financial services *HK$'000*	Distribution and trading *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
OTHER INFORMATION				
Capital additions	–	99	73	172
Depreciation of property, plant and equipment	–	4	146	150
Net decrease in fair value of investments held-for-trading	1,334	–	–	1,334
Impairment loss on available-for-sale investments	2,445	–	–	2,445
Loss on disposal of available-for-sale investments	1	–	–	1
Allowance for trade and other receivables	942	–	–	942
Gain on disposal of property, plant and equipment	–	–	1	1

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

	Investment and financial services *HK$'000*	Distribution and trading *HK$'000*	Consolidated *HK$'000*
Income statement for the year ended 30th June, 2005			
Turnover	29,242	8	29,250
Segment results	(45,361)	(17)	(45,378)
Unallocated corporate expenses			(1,596)
Finance costs			(587)
Amortisation of goodwill on acquisition of an associate			(3,110)
Share of results of associates			1,963
Loss for the year			(48,708)
Balance sheet at 30th June, 2005			
ASSETS			
Segment assets	15,241	69	15,310
Unallocated corporate assets			15,720
Consolidated total assets			31,030
LIABILITIES			
Segment liabilities	733	391	1,124
Unallocated corporate liabilities			9,801
Consolidated total liabilities			10,925

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

	Investment and financial services HK$'000	Distribution and trading HK$'000	Unallocated HK$'000	Consolidated HK$'000
OTHER INFORMATION				
Capital additions	–	–	9	9
Amortisation of goodwill on acquisition of an associate	–	–	3,110	3,110
Depreciation of property, plant and equipment	–	12	248	260
Net unrealised holding loss on other investments	22,037	–	–	22,037
Impairment loss on investment securities	723	–	–	723
Allowance for short-term loans receivable	6,124	–	–	6,124
Allowance for trade and other receivables	2,413	–	–	2,413

Geographical segments

During the year, all of the Group's operations are principally located in Hong Kong. No geographical segment analysis is presented as all of the Group's turnover and assets were attributable to Hong Kong.

8. FINANCE COSTS

	2006 ***HK$'000***	2005 *HK$'000*
Interest on:		
Other loan wholly repayable within five years	**–**	586
Obligations under finance leases	**–**	1
	–	587

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

9. LOSS FOR THE YEAR

	2006 HK$'000	2005 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments *(note 10)*	**2,551**	2,904
Other staff costs	**1,049**	506
Retirement benefits scheme contributions, excluding directors	**37**	23
Total staff costs	**3,637**	3,433
Auditors' remuneration		
– current year	**585**	525
– overprovision in prior years	**(55)**	–
	530	525
Realised gains and losses on investments held-for-trading:		
– Proceeds on trading (included in turnover)	**(29,870)**	(27,051)
– Cost of trading (included in cost of sales)	**32,505**	38,509
	2,635	11,458
Depreciation of property, plant and equipment		
– owned assets	**150**	258
– assets held under finance leases	**–**	2
Legal and professional fees	**1,350**	809
Gain on disposal of property, plant and equipment	**(1)**	–
Dividends from equity securities	**(2)**	(53)
Interest income	**(468)**	(2,394)

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

10. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the seven (2005: eight) directors were as follows:

		Other emoluments		
2006	**Fees**	**Basic salaries and allowances**	**Retirement benefits scheme contributions**	**Total emoluments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Wong Wing Cheong	–	920	12	932
Ms. Ada Lam	–	520	12	532
Mr. Yeung Wood Sang	–	141	7	148
Mr. Liu Ka Lim	–	810	9	819
Ms. Hwang Sok In	–	–	–	–
Mr. Shum Kai Wing	60	–	–	60
Mr. Fan King Shum	60	–	–	60
	120	2,391	40	2,551

		Other emoluments		
2005	Fees	Basic salaries and allowances	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Wong Wing Cheong	–	845	12	857
Ms. Ada Lam	–	520	12	532
Mr. Yeung Wood Sang	–	260	12	272
Mr. Liu Ka Lim	–	1,116	12	1,128
Ms. Hwang Sok In	–	–	–	–
Mr. Shum Kai Wing	55	–	–	55
Mr. Fan King Shum	7	–	–	7
Mr. Lee Hong Chak, Heili	53	–	–	53
	115	2,741	48	2,904

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

10. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

Highest paid individuals

Of the five highest paid individuals in the Group, three (2005: four) are directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2005: one) individuals are as follows:

	2006	2005
	HK$'000	*HK$'000*
Basic salaries and allowances	**418**	234
Retirement benefits scheme contributions	**20**	11
	438	245

The emoluments of each of these individuals was within the band of up to HK$1,000,000 for both years.

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the year.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

11. TAXATION

No provision for taxation has been made in the financial statements as the Group had no assessable profit for both years.

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

	2006	2005
	HK$'000	*HK$'000*
Loss for the year	**(13,798)**	(48,708)
Hong Kong Profits Tax at a rate of 17.5% (2005: 17.5%)	**(2,415)**	(8,524)
Tax effect of expenses not deductible for tax purpose	**103**	9,510
Tax effect of income not taxable for tax purpose	**(71)**	(3,545)
Tax effect of tax losses not recognised	**2,419**	2,683
Utilisation of tax losses previously not recognised	**(36)**	(164)
Others	**–**	40
Taxation for the year	**–**	–

At 30th June, 2006, the Group had unutilised tax losses of approximately HK$164,641,000 (2005: HK$157,074,000) available for offset against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year of HK$13,798,000 (2005: HK$48,708,000) and on 424,800,000 (2005: 424,800,000) ordinary shares in issue during the year.

Diluted loss per share for both years have not been calculated as no potential ordinary shares were outstanding during both years.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST			
At 1st July, 2004	402	4,214	4,616
Additions	–	9	9
At 30th June, 2005	402	4,223	4,625
Additions	11	161	172
Disposals	(5)	(3)	(8)
At 30th June, 2006	**408**	**4,381**	**4,789**
DEPRECIATION			
At 1st July, 2004	120	4,059	4,179
Provided for the year	203	57	260
At 30th June, 2005	323	4,116	4,439
Provided for the year	83	67	150
Eliminated on disposals	(5)	(2)	(7)
At 30th June, 2006	**401**	**4,181**	**4,582**
CARRYING VALUES			
At 30th June, 2006	**7**	**200**	**207**
At 30th June, 2005	79	107	186

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold improvements	Over the term of the relevant lease
Furniture, fixtures and equipment	20% – $33^1/_3$%

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

14. INTEREST IN AN ASSOCIATE

	2006 & 2005
	HK$'000
Cost of investment in an associate, unlisted	5
Share of post-acquisition losses	(5)
	–
Amount due from an associate	1,697
Less: Allowance	(1,697)
	–

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment. The fair value of the Group's amount due from an associate approximates its carrying amount.

Particulars of the Group's associate at 30th June, 2006 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued share capital held by the Group	Principal activity
Magicon Limited	Incorporated	Hong Kong	Ordinary	50%	Inactive

No summarised financial information of the Group's associate is disclosed as such information is not available.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

15. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 30th June, 2006 comprise:

	Cost *HK$'000*	Accumulated impairment *HK$'000*	Net ***HK$'000***
Investments in equity securities listed in Hong Kong *(note (i))*	9,569	(8,689)	**880**
Investments in unlisted equity securities in Hong Kong *(note (ii))*	129,453	(129,453)	**–**
	139,022	(138,142)	**880**

Notes:

(i) Investments in listed equity securities are stated at fair value. As the shares of the listed investee had been suspended for trading since 29th December, 2004, the fair value is determined by reference to the consideration of such securities in a recent sales transaction.

(ii) Investments in unlisted equity securities are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. The directors consider these investments contribute no significant value to the Group and accordingly, the investment costs in these unlisted equity securities should be fully impaired and an impairment loss of HK$2,445,000 has been recognised in profit or loss for the year (2005: impairment loss on investment securities of HK$723,000).

16. INVESTMENTS IN SECURITIES

Investments in securities as at 30th June, 2005 are set out below:

	Investment securities *HK$'000*	Other investments *HK$'000*	Total *HK$'000*
Listed equity securities in Hong Kong	2,196	9,901	12,097
Unlisted equity securities in Hong Kong	2,010	–	2,010
	4,206	9,901	14,107
Market value of listed securities	2,196	9,901	12,097
Carrying amount analysed for reporting purposes as:			
Non-current	4,206	–	4,206
Current	–	9,901	9,901
	4,206	9,901	14,107

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

16. INVESTMENTS IN SECURITIES (continued)

Details of individual investments with carrying amounts exceeding one-tenth of the Group's total asset value as at 30th June, 2005 disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance are as follows:

Name of investee company	Place of incorporation	Class of shares held	Attributable equity interest
Rontex International Holding Limited	Cayman Islands	Ordinary shares	4.71%
Grandtop International Holdings Limited	Cayman Islands	Ordinary shares	5.09%

During the year ended 30th June, 2005, the directors of the Company reviewed the carrying amount of the investment securities in light of the current market conditions with reference to the financial results and business operated by certain investees. The directors identified an impairment loss of approximately HK$723,000 on the investment securities, estimated by reference to the market values and the amount was recognised in the income statement for the year ended 30th June, 2005.

Upon the application of HKAS 39 on 1st July, 2005, investments in these securities were reclassified to appropriate categories under HKAS 39 (see Note 3 for details).

17. INVENTORIES

	2006	2005
	HK$'000	*HK$'000*
Merchandise for sale, at cost	**28**	21

18. TRADE AND OTHER RECEIVABLES

	2006	2005
	HK$'000	*HK$'000*
Trade receivables, net of accumulated impairment	**156**	942
Other receivables, net of accumulated impairment	**5,534**	1,088
	5,690	2,030

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

18. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment losses at the balance sheet date:

	2006 HK$'000	2005 HK$'000
Trade receivables:		
Within 31 – 60 days	**148**	–
Within 61 – 90 days	**8**	–
Over 90 days	**–**	942
	156	942

The fair values of the Group's trade and other receivables approximate their corresponding carrying amounts.

19. SHORT-TERM LOANS RECEIVABLE

The loans were denominated in Hong Kong dollars and were made in general for a period from one to three months, but may be extended on mutual agreement. These loans carry interest at fixed-rate of 24% per annum (2005: ranging from 24% to 36% per annum).

The fair values of the Group's loans receivable approximate their carrying amounts.

20. INVESTMENTS HELD-FOR-TRADING

Investments held-for-trading represent investments in equity securities listed in Hong Kong. The fair values of these securities are determined based on the quoted market bid prices available on the Stock Exchange.

21. BANK BALANCES AND CASH

The bank balances carried interest at an average rate of 3.43% (2005: 1%) per annum. The fair value of the Group's bank balances and cash approximate their carrying amounts.

22. TRADE AND OTHER PAYABLES

Included within trade and other payables are trade payables of HK$144,000 (2005: nil) all aged within 30 days.

The fair values of the Group's trade and other payables approximate their corresponding carrying amounts.

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For the year ended 30th June, 2006

23. SHARE CAPITAL

	Number of ordinary shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each:		
Authorised:		
At 1st July, 2004, 30th June, 2005 and 30th June, 2006	20,000,000,000	200,000
Issued and fully paid:		
At 1st July, 2004, 30th June, 2005 and 30th June, 2006	424,800,000	4,248

24. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 16th December, 1997 for the purpose of providing incentives to directors and employees. The Scheme will remain in force for a period of 10 years from the date of adoption and will expire on 15th December, 2007.

Under the Scheme, the board of directors of the Company may, at their discretion, grant options to directors or employees of the Company or any of its subsidiaries to subscribe for shares in the Company in accordance with the Scheme.

The subscription price of the options shall be a price to be determined by the directors of the Company being not less than the nominal value of the ordinary shares nor 80% of the average closing price of the ordinary shares of the Company for the five trading days immediately preceding the date of the offer of the options.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual at the grant date shall not exceed 25% of the number of shares issued and issuable under the Scheme.

Options granted must be taken up within 21 days from the date of grant. No consideration is payable on the grant of an option. An option may be exercised in accordance with the terms of the Scheme at any time during a period of 3 years commencing 12 months after the date on which the option is granted but, in any event, no later than 15th December, 2007.

No option was granted since its adoption.

At the balance sheet dates, no options were outstanding under the Scheme.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

25. DERECOGNITION OF INTEREST IN SUBSIDIARIES

During the year, a creditor applied to the Court of Hong Kong for the liquidation of certain subsidiaries of the Group and the winding-up order was issued in October 2005. The net liabilities of these subsidiaries at the date of derecognition comprised of other payables with a carrying amount of approximately HK$160,000. Since the Group's investment costs in these subsidiaries were fully provided for and the Group has no further commitment to these subsidiaries, the resultant gain on derecognition of interest in these subsidiaries amounted to HK$160,000.

The subsidiaries derecognised by the Group during the year did not make any significant contribution to the cash flows of the Group during the year.

26. MAJOR NON-CASH TRANSACTION

During the year ended 30th June, 2005, the carrying amount of interest in an associate amounting to approximately HK$25,796,000 was reclassified as other investments when significant influence was lost.

27. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases in respect of rented premises amounted to HK$447,000 (2005: HK$367,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due within one year amounted to HK$205,000 (2005: HK$138,000).

Operating lease payments represent rentals payable by the Group for its office. Leases are negotiated for an average term of one year with fixed rentals.

28. RETIREMENT BENEFITS SCHEME

The Group participates in the MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules.

During the year, the total amount contributed by the Group to the MPF Scheme charged to the income statement represent contributions payable to the fund by the Group at rates specified in the rules of the scheme.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

29. CONTINGENT LIABILITIES

On 10th November, 2000, the Company was named as a defendant in a legal action in which a claim was made against the Company for failure to pay, as the guarantor, an amount of approximately HK$5,996,000 and interest thereon. In January 2003, the Company's lawyers had sought discovery of the original copies of the relevant documents from the plaintiff and yet the plaintiff had failed to respond or furnish any of the requested documents. The plaintiff had since then not taken any further steps to activate the proceedings which had then become dormant for over a year. In July 2004, the Company was informed by the plaintiff of its decision to re-activate the proceedings. The directors, after seeking legal advice, had decided to make a provision of HK$5,996,000 for potential liability during the year ended 30th June, 2004. In the view of the directors, there was no basis for providing for any interest which might become payable on the outcome of the litigation. The Company applied for an order to strike out the proceedings during the year ended 30th June, 2005, but the application for striking out was subsequently dismissed. The Company's solicitors are preparing the necessary documents in preparation for trial in court.

30. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2006	2005
	HK$'000	*HK$'000*
Short-term benefits	**2,511**	2,856
Post-employment benefits	**40**	48
	2,551	2,904

The remuneration of directors is determined by the remuneration committee having regard to the level and composition of pay and the general market conditions in the respective countries and businesses.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

31. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company at 30th June, 2006 is as follows:

	Note	**2006** **HK$'000**	2005 HK$'000
Non-current assets			
Investments in subsidiaries		**1,000**	–
Current assets			
Other receivables		**9**	25
Amounts due from subsidiaries		**30,422**	31,122
Bank balances		**186**	11,307
		30,617	42,454
Current liabilities			
Other payables		**1,090**	1,009
Provision for legal claims		**5,996**	5,996
Amounts due to subsidiaries		**5,923**	5,957
		13,009	12,962
Net current assets		**17,608**	29,492
		18,608	29,492
Capital and reserves			
Share capital		**4,248**	4,248
Reserves	*(a)*	**14,360**	25,244
		18,608	29,492

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

31. BALANCE SHEET OF THE COMPANY (continued)

Note:

(a) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
THE COMPANY					
At 1st July, 2004	388,088	61,949	39,387	(447,599)	41,825
Loss for the year	–	–	–	(16,581)	(16,581)
At 30th June, 2005	388,088	61,949	39,387	(464,180)	25,244
Loss for the year	–	–	–	(10,884)	(10,884)
At 30th June, 2006	**388,088**	**61,949**	**39,387**	**(475,064)**	**14,360**

The contributed surplus of the Company represents the excess of the then combined net assets of the subsidiaries acquired pursuant to the group reorganisation in December 1997, over the nominal value of the Company's shares issued in exchange.

The distributable reserve of the Company represents the aggregate of the credit arising from the reduction of nominal value of the Company's share capital in March 1999 and March 2001 less the amount utilised for a bonus issue of shares in September 2000.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company had no reserves available for distribution as at 30th June, 2006 and 30th June, 2005.

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For the year ended 30th June, 2006

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30th June, 2006 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital held by the Group %	Principal activities
Ancora Worldwide Limited*	British Virgin Islands	US$100	100	Investment holding
Best Time Investments Limited	Hong Kong	HK$2	100	Investment holding
Best Victory Trading Limited*	Hong Kong	HK$2,000,000	100	Distribution of electrical consumer products, computer related products and electronic components
Capital Ace Holdings Limited*	British Virgin Islands	US$1	100	Investment holding
Chiefast Company Limited*	British Virgin Islands	US$1	100	Investment holding
Digital World Finance Limited*	Hong Kong	HK$1,000,000	100	Money lending
Dynamic Rich Limited*	British Virgin Islands	US$100	100	Investment holding
e-Win Technologies Limited	Hong Kong	HK$2	100	Trading of supply chain management system software
Fast Track United Limited*	British Virgin Islands	US$1	100	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2006

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Nominal value of issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital held by the Group %	Principal activities
Fullscale Enterprises Limited	British Virgin Islands	US$1	100	Asset holding
Harvest (HK) Limited	Hong Kong	HK$100	100	Trading of lubricant oil additives
Money Link Investment Holdings Limited*	British Virgin Islands	US$2	100	Investment holding
Sinocham Eco-Industrial Company Limited*	Hong Kong	HK$1,000,000	100	Trading of playground equipment and accessories
Trade Win Limited	Hong Kong	HK$2	100	Investment holding
Vital Tech Company Limited*	British Virgin Islands	US$1,000	100	Investment holding
Wing Kit Worldwide Limited*	British Virgin Islands	US$1,000	100	Investment holding
World Express Investment Limited*	British Virgin Islands	US$1,000	100	Investment holding

Other than those subsidiaries with an "*" which are directly held by the Company, all the subsidiaries are indirectly held.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.