

NOTES TO INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2006

1. Basis of preparation and significant accounting policies

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

The Interim Financial Statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values. The principal accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the annual financial statements for the year ended 30 June 2006.

During the Period, the Group has applied the following revised Hong Kong Financial Reporting Standard ("HKFRS"), and HKAS issued by the HKICPA that are effective for accounting periods beginning on or after period covered by these Interim Financial Statements.

HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
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The adoption of the above HKFRS and HKAS has no material impact on the Interim Financial Statements of the Group.

Certain new standards, amendments and interpretations to publish standards that are mandatory for accounting periods beginning on or after 1 July 2007 have not been adopted by the Group during the Period.

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

2. Turnover and other income

The Group is principally engaged in the investment in listed and unlisted companies. Turnover represents the net amounts received and receivable for the trading of investments in listed and unlisted companies. An analysis of turnover and other income is as follows:

	Six months ended	
	31.12.2006	31.12.2005
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Turnover		
Proceeds from sale of equity investments at fair value through profit or loss	<u>22,624,654</u>	<u>22,012,188</u>
Other income		
Dividend income	262,620	71,270
Interest income	381,210	620,800
Other income	<u>57,319</u>	<u>-</u>
	<u>701,149</u>	<u>692,070</u>
	<u><u>23,325,803</u></u>	<u><u>22,704,258</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

3. Segment information

The Group is principally engaged in investing in listed and unlisted companies, accordingly no analysis by business segment for the Period is provided.

In determining the Group's geographical segments, assets are attributed to the segments based on the location of assets. An analysis of the Group's assets and expenditure information for the Group's geographical segments is presented below:

	Hong Kong		The PRC		Consolidated	
	As at	As at	As at	As at	As at	As at
	31.12.06	30.06.06	31.12.06	30.06.06	31.12.06	30.06.06
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment assets	51,782,345	34,058,908	54,226,457	47,704,795	106,008,802	81,763,703
Interest in an associate	5,850,156	4,703,619	-	-	5,850,156	4,703,619
Total assets	57,632,501	38,762,527	54,226,457	47,704,795	111,858,958	86,467,322
Segment liabilities	18,564,289	7,453,077	-	-	18,564,289	7,453,077
Other segment Information:						
Capital expenditure	1,642,175	543,565	-	-	1,642,175	543,565
Depreciation	378,753	363,323	-	-	378,753	363,323

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

4. Profit before tax

The Group's profit before tax has been arrived at after charging/(crediting) the following:

	Six months ended	
	31.12.2006	31.12.2005
	(Unaudited) HK\$	(Unaudited) HK\$
Total staff costs (including directors' remuneration)	620,350	971,045
Depreciation on plant and equipment		
– owned assets	113,947	90,743
– leased assets	264,806	80,000
Operating lease rentals of land and building	281,268	276,318
Interest on borrowings	618,220	257,697
Gain arising from change in fair value of equity investments at fair value through profit or loss	(6,347,055)	(7,188,533)
Gain on disposal of available-for-sale investments	(500,000)	–

5. Income tax expenses

Hong Kong profits tax is calculated at 17.5% of the estimated assessable profits for the Period. No Hong Kong profits tax has been provided in the Interim Financial Statements as the Group has sufficient tax losses brought forward from previous years to offset against the assessable profits for the Period (2005: Nil).

6. Dividend

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

7. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to the equity holders of the Company of HK\$6,187,100 (2005: HK\$4,631,600) and on the weighted average number of 231,881,368 (2005: 77,584,724) ordinary shares in issue during the Period.

There were no dilutive shares during the periods ended 31 December 2006 and 31 December 2005 respectively, therefore, no dilutive earnings per share has been presented during the Period.

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For the six months ended 31 December 2006

8. Plant and Equipment

	Leasehold improvement HK\$	Furniture & fixtures HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicle HK\$	Total HK\$
Cost						
At 1 July 2006 (audited)	504,004	185,101	30,612	32,740	1,088,159	1,840,616
Additions	-	-	78,000	18,750	1,545,425	1,642,175
At 31 December 2006 (unaudited)	504,004	185,101	108,612	51,490	2,633,584	3,482,791
Accumulated depreciation						
At 1 July 2006 (audited)	163,133	53,592	9,834	13,068	298,673	538,300
Charge for the period	23,138	63,000	23,326	4,483	264,806	378,753
At 31 December 2006 (unaudited)	186,271	116,592	33,160	17,551	563,479	917,053
Net Book Values						
At 31 December 2006 (unaudited)	317,733	68,509	75,452	33,939	2,070,105	2,565,738
At 30 June 2006 (audited)	340,871	131,509	20,778	19,672	789,486	1,302,316

The carrying amount of the Group's motor vehicle includes an amount of HK\$2,070,105 (2005: \$440,000) in respect of assets acquired under finance leases.

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

9. Interest in an associate

	As at 31.12.2006	As at 30.06.2006
	(Unaudited) HK\$	(Audited) HK\$
Cost of investment in an unlisted associate	4,500,000	4,500,000
Share of an associate's results	<u>1,350,156</u>	<u>203,619</u>
	<u>5,850,156</u>	<u>4,703,619</u>
Amounts due from an associate	<u>8,880,010</u>	<u>6,330,010</u>

The amount due from an associate is unsecured, interest-free and repayable on demand.

10. Available-for-sale investments

	As at 31.12.2006	As at 30.06.2006
	(Unaudited) HK\$	(Audited) HK\$
Unlisted equity securities in Hong Kong, at fair value	6,003,000	6,003,000
Unlisted equity securities outside Hong Kong, at fair value	<u>14,957,000</u>	<u>20,957,000</u>
	<u>20,960,000</u>	<u>26,960,000</u>
Analysed for reporting purposes as:		
Current	19,960,000	19,960,000
Non-current	<u>1,000,000</u>	<u>7,000,000</u>
	<u>20,960,000</u>	<u>26,960,000</u>

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

11. Equity investments at fair value through profit or loss

	As at 31.12.2006	As at 30.06.2006
	(Unaudited)	(Audited)
	HK\$	HK\$
Listed equity securities in Hong Kong, at fair value	<u>24,442,915</u>	<u>8,873,852</u>

12. Assets classified as held for sale

	As at 31.12.2006	As at 30.06.2006
	(Unaudited)	(Audited)
	HK\$	HK\$
Unlisted equity securities outside Hong Kong, at fair value	<u>11,900,000</u>	<u>11,900,000</u>

13. Amounts due to directors

The amounts are unsecured, non-interest bearing and repayable on demand.

14. Amounts due from related companies

The amounts are unsecured, non-interest bearing and repayable on demand.

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For the six months ended 31 December 2006

15. Share capital

	No. of shares	(Unaudited) HK\$
Authorised: ordinary share of HK\$0.01 each		
At 1 July 2006	200,000,000	2,000,000
Increase in authorised share capital on 27 July 2006	<u>300,000,000</u>	<u>3,000,000</u>
At 31 December 2006	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid: ordinary share of HK\$0.01 each		
At 1 July 2006	114,640,909	1,146,409
Allotted and issued, fully paid on 27 July 2006	114,640,909	1,146,409
Allotted and issued, fully paid on 9 August 2006	10,900,000	109,000
Allotted and issued fully paid on 17 August 2006	<u>12,000,000</u>	<u>120,000</u>
At 31 December 2006	<u>252,181,818</u>	<u>2,521,818</u>

16. Operating leases commitments

At 31 December 2006, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31.12.2006	As at 30.06.2006
	(Unaudited)	(Audited)
	HK\$	HK\$
Land and building:		
Within one year	441,780	485,958
In the second to fifth years (both inclusive)	<u>—</u>	<u>161,986</u>
	<u>441,780</u>	<u>647,944</u>

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

17. Material related party and connected transactions

During the Period, the Group had the following significant related party and connected transactions:

	Six months ended	
	31.12.2006	31.12.2005
	(Unaudited) HK\$	(Unaudited) HK\$
Standard Chartered Bank		
Custodian fee paid	38,874	34,936
Guotai Junan Assets (Asia) Limited		
Investment management fees paid	300,000	300,000
Chiu & Partners		
Legal fees paid	–	338,500
Amount due to (note 1)	282,200	–
Karl Thomson Financial Advisory Limited		
Financial advisory fee paid	–	150,000
Amount due to (note 2)	150,000	–
Coqueen Company Limited		
Interest paid (note 3)	24,197	221,712
Loan advance from (note 3)	640,000	3,500,000
Interest payable to (note 3)	384,720	337,962
Fook Lam Moon (Kowloon) Restaurant Limited		
Interest paid (note 4)	83,178	–
Loan advance from (note 4)	3,000,000	–
Interest payable to (note 4)	48,643	4,973
Amount due to (note 4)	19,160	–

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2006

17. Material related party and connected transactions (Continued)

Note 1: The amount due to Chiu & Partners is unsecured, interest-free and repayable on demand.

Note 2: The amount due to Karl Thomson Financial Advisory Limited is unsecured, interest-free and repayable on demand.

Note 3: The loan granted to the Group is unsecured, repayable within one year and carried interest at Hong Kong Prime Rate + 2% (2005: Hong Kong Prime Rate + 2%).

Note 4: The loan granted to the Group is unsecured, repayable within one year and carried interest at 5.5% per annum. (2005: Nil).