1. CORPORATE INFORMATION

The Company was incorporated on 28 June 2002 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The principal activity of the Company is investment in listed and unlisted companies in Hong Kong, the United Kingdom (the "UK") and the People's Republic of China (the "PRC").

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 3201, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The shares of the Company were listed on the Stock Exchange with effect from 27 September 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 to the financial statements.

The Company has adopted the following new and revised HKFRSs that are mandatory for financial year beginning on and after 1 December 2005 or 1 January 2006. The new HKFRSs adopted by the Company in the financial statements are set out as follows:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The adoption of these new and revised standards and interpretations has no material effect on these financial statements.

No early adoption of the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Company.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) – Int 8	Scope of HKFRS 2[4]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[5]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[7]
HK(IFRIC) – Int 12	Service Concession Arrangements[8]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 March 2006.
[4] Effective for annual periods beginning on or after 1 May 2006.
[5] Effective for annual periods beginning on or after 1 June 2006.
[6] Effective for annual periods beginning on or after 1 November 2006.
[7] Effective for annual periods beginning on or after 1 March 2007.
[8] Effective for annual periods beginning on or after 1 January 2008.

(a) Basis of Preparation

The measurement basis used in the preparation of the financial statements is historical cost as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss.

(b) Fundamental Uncertainties

The financial statements have been prepared on a going concern basis. The Company had net loss of HK$2,740,000 (2005: HK$4,726,000) and accumulated losses of HK$25,342,000 (2005: HK$22,602,000) and its continuance in business as a going concern is dependent upon the Company having future profitable operations and continuing financial support from directors of the Company. The financial statements have been prepared on a going concern basis as a director of the Company has confirmed to provide continuing financial support to the Company in the form of interest-free advances to the extent of HK$5,000,000 to enable it to settle its liabilities as and when they fall due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investment

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designated eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investment (Continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. During the year, the Company did not hold any investments in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available – for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale financial assets are recognised in equity. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses or impairments from investment securities respectively.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(d) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Turnover

Turnover represents sales of investments in securities, dividend income and interest income.

(f) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, revenue is recognised in the income statement as follows:

(i) Dividend income is recognised when the right to receive payment is established.

(ii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rate applicable.

(iii) Sales of investments in securities are recognised on a trade date basis.

(g) Translation of Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases 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 difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Company 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 profits 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 realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

(k) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liability is not recognised but is disclosed in the notes to financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

Contingent assets are not recognised but are disclosed in the notes to financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

(i) Employee Leave Entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Profit Sharing and Bonus Plans

The expected cost of profit sharing and bonus payments are recognised as a liability when the Company has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iii) Retirement Benefits Scheme Contributions

The Company has participated in the Mandatory Provident Fund Scheme (the "Scheme") under the Mandatory Provident Fund Scheme Ordinance. The assets of the Scheme are held separately from those of the Company in an independently administered fund. The Scheme is generally funded by payments from employees and by the Company. The Company's contributions to the Scheme are expensed as incurred in accordance with the rules of the Scheme and are not reduced by contributions forfeited by those employees who leave the Scheme prior to vesting fully in the contributions.

(m) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being member of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expense it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk, liquidity risk and interest-rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company mainly operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars. Most of the Company's monetary assets and liabilities are also denominated in Hong Kong dollars. Therefore, the Company considers it has no significant foreign exchange risk.

(ii) Price risk

The Company is exposed to equity securities price risk because investments held by the Company are classified on the balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Company is not exposed to commodity price risk.

(b) Credit risk

The Company has no significant concentrations of credit risk. The carrying amount of cash and bank balances and other receivables represent the Company's maximum exposure to credit risk in relation to financial assets. The Company has policies that limit the amount of credit exposure to any financial institutions. The Company also has credit policies in place and exposures to credit risks regards other receivables are mentioned on an ongoing basis.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities.

(d) Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

3.2 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of available-for-sale financial assets

The Company follows the guidance of HKAS 39 when determining whether an investment in available-for-sale financial assets is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected time span the Company will hold on to this investment.

(b) The Company is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

During the year ended 31 December 2006, the Company's entire turnover was derived from sale of financial assets at fair value through profit or loss in Hong Kong, no business and geographical segmental information on turnover are presented.

During the year ended 31 December 2005, more than 90% of the Company's turnover was derived from sale of available-for-sale financial assets in Hong Kong, no business and geographical segmental information on turnover are presented.

The Company's segment assets and liabilities for the year, analysed by geographical market, are as follows:

	Hong Kong		The UK		The PRC		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,251**	2,452	**231**	515	**150**	–	**1,632**	2,967
Segment liabilities	**3,540**	2,135	**–**	–	**–**	–	**3,540**	2,135

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2006	2005
	HK$'000	*HK$'000*
Unlisted, at cost	**3,900**	2,600
Less: Impairment loss	**(2,550)**	(430)
	1,350	2,170

Impairment loss for available-for-sale financial assets

The available-for-sale financial assets were valued individually as separate cash generating units ("CGU") at 31 December 2006 by independent valuers, BMI Appraisals Limited. Each CGU was valued to its recoverable amounts, which was its fair value less costs to sell determined by reference to the market. Difference between its costs and its recoverable amounts were recognised as impairment losses.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Unlisted financial assets in Hong Kong and the PRC:

Name of equity securities	Place of incorporation and kind of legal entity	Number of shares held/ registered capital	Interest held	Net assets attributable to the Company	Cost of investment	Fair value	Impairment loss
			(%)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(i) Netx Limited	Hong Kong limited liability company	1,725 ordinary shares	15.00	131	1,300	750	(550)
(ii) Netters Land Management Limited	Hong Kong limited liability company	1,725 ordinary shares	15.00	27	1,300	450	(850)
(iii) Harbin Dongfang (Hong Kong) Food Co. Ltd	The PRC limited liability company	Registered captial US$118,100	6.00	158	1,300	150	(1,150)

Notes:

(i) Netx Limited is principally engaged in on-line advertising in various website.

The unaudited net profit attributable to shareholders of Netx Limited for the nine months ended 31 December 2006 was HK$31,000 (2005: unaudited net profit of HK$644,000).

(ii) Netters Land Management Limited is principally engaged in internet consultancy on IT system, infrastructure and solutions.

The unaudited net loss attributable to shareholders of Netters Land Management Limited for the nine months ended 31 December 2006 was HK$86,000 (2005: unaudited net loss of HK$138,000).

(iii) Harbin Dongfang (Hong Kong) Food Co. Ltd is principally engaged in production and sale of potato fries and potato chips.

The audited net loss attributable to shareholders of Harbin Dongfang (Hong Kong) Food Co. Ltd for the twelve months ended 31 December 2006 was RMB20,000 (2005: audited net loss of RMB2,679,000).

Harbin Dongfang (Hong Kong) Food Co. Ltd was audited by Heilongjiang Lijiexin Certified Public Accountants Co., Ltd.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2006	2005
	HK$'000	*HK$'000*
Held-for-trading:		
Equity securities, at fair value		
– listed in Hong Kong	–	137
– listed outside Hong Kong	231	515
	231	652

The following is a list of the trading securities as at 31 December 2006:

Equity securities listed outside Hong Kong:

Name of equity securities	Place of incorporation and kind of legal entity	Number of shares held	Interest held	Net liability attributable to the Company	Cost of investment	Fair value	Change in fair value
			(%)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bolton Group (International) Limited	Bermuda, limited liability company	3,000,000 ordinary shares	3.48	7,561	1,291	231	(1,060)

A brief description of the business and financial information of the above listed equity security, based on its latest unaudited financial statements, is as follows:

Bolton Group (International) Limited is principally engaged in the real estate holding and development.

The unaudited net loss attributable to shareholders of Bolton Group (International) Limited for the six months ended 30 October 2006 was £125,000 (2005: unaudited net profit of £20,000).

8. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

On 18 April 2005, the Company entered into a sale and purchase agreement (the “Sinowich Agreement”) with an independent third party in which the Company acquired 6% interest in Harbin Dongfang (Hong Kong) Food Co. Ltd, a foreign enterprise incorporated in the PRC. According to the Sinowich Agreement, the total consideration of HK$1,300,000 had to be settled by a transfer of 712,000 fully paid up shares of Hong Xiang Petroleum International Holdings Limited (the “Cash in Kind for Sinowich”), the investment securities owned by the Company. The registration was completed on 24 July 2006.

Reversal of impairment loss on investment deposits

In the opinion of the directors, the failure to complete the registration of the Company’s interest in Harbin Dongfang (Hong Kong) Food Co., Ltd. was an indication of impairment and a condition existed during the year ended 31 December 2005. As a result, an impairment loss of HK$1,300,000 on investment deposit was provided during the year ended 31 December 2005. On 24 July 2006, the registration was completed and the impairment loss on investment deposit of HK$1,300,000 was reversed accordingly.

9. SHARE CAPITAL

	2006	2005
	HK$’000	*HK$’000*
Authorised:		
200,000,000 ordinary shares of HK$0.01 each		
(2005: 200,000,000 ordinary shares of HK$0.01 each)	**2,000**	2,000
Issued and fully paid:		
60,000,000 ordinary shares of HK$0.01 each		
(2005: 60,000,000 ordinary shares of HK$0.01 each)	**600**	600

9. SHARE CAPITAL (Continued)

During the year ended 31 December 2005 and 2006, the following movements in the Company's shares capital were recorded:

	Number of Ordinary Shares of HK$0.01 each	**Amount**
	'000	*HK$'000*
Authorised:		
As at 1 January 2006 and 31 December 2006	200,000	2,000
Issued and fully paid:		
As at 1 January 2005	50,000	500
Issue of shares	10,000	100
As at 31 December 2005 and 31 December 2006	**60,000**	**600**

On 21 March 2005, 10,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.188 per share. A share premium of HK$1,743,000, net of share issue expenses, has been credited to share premium account. Details of these transactions were set out in the Company's announcement dated 23 March 2005.

10. RESERVES

	Share premium	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 January 2005	21,091	(17,876)	3,215
Issue of new shares	1,780	–	1,780
Share issue expenses	(37)	–	(37)
Loss for the year	–	(4,726)	(4,726)
Balance at 31 December 2005 and 1 January 2006	22,834	(22,602)	232
Loss for the year	–	(2,740)	(2,740)
Balance at 31 December 2006	**22,834**	**(25,342)**	**(2,508)**

As at 31 December 2006, the Company did not have available reserves for distribution to shareholders under the Company law of the Cayman Islands (2005: HK$232,000).

11. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company was unsecured, interest-free and fully repaid during the year.

12. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and had no fixed term of repayment.

13. TURNOVER

Turnover represents sale of listed and unlisted financial assets during the year. The amount of each significant category of revenue recognised during the year are as follows:

	2006	2005
	HK$'000	*HK$'000*
Turnover:		
Sale of financial assets at fair value through profit or loss	**142**	129
Sale of available-for-sale financial assets	**–**	3,890
Dividend received	**–**	9
Bank interest income	**–**	5
	142	4,033

14. EXPENSES BY NATURE

Administrative expenses are analysed as follows:

	2006	2005
	HK$'000	*HK$'000*
Auditors' remuneration	**180**	200
Employee benefit expenses *(note 15)*	**525**	523
Legal and professional fee	**188**	573

15. EMPLOYEE BENEFIT EXPENSES

	2006	2005
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**504**	504
Retirement benefits scheme contributions	**21**	19
	525	523

(a) Directors' and Senior Management's Emolument

The remuneration of every director for the year ended 31 December 2006 is set out below:

	Fee	**Salary**	**Other benefits**	**Employer's contribution to pension scheme**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Mr. Tam Wai Keung, Billy	**–**	**–**	**–**	**–**	**–**
Mr. Wu Tse Wai, Frederick	**–**	**300**	**–**	**11**	**311**
Mr. Fong Chi Wah *(note 1)*	**–**	**204**	**–**	**10**	**214**
Mr. Chow Wan Hoi, Paul *(note 2)*	**–**	**–**	**–**	**–**	**–**
Mr. Hui Wing Sang, Wilson *(note 3)*	**–**	**–**	**–**	**–**	**–**
Mr. Tang King Fai, Kelvin	**–**	**–**	**–**	**–**	**–**
Mr. Wong Che Man, Eddy *(note 4)*	**–**	**–**	**–**	**–**	**–**
Mr. Lam Yuk Lau *(note 5)*	**–**	**–**	**–**	**–**	**–**
	–	**504**	**–**	**21**	**525**

15. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Directors' and Senior Management's Emolument (Continued)

The remuneration of every director for the year ended 31 December 2005 is set out below:

	Fee	Salary	Other benefits	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Tam Wai Keung, Billy	–	–	–	–	–
Mr. Li Sze Tang, Albert *(note 6)*	–	320	10	–	330
Mr. Wu Tse Wai, Frederick	–	150	7	–	157
Mr. Fong Chi Wah *(note 1)*	–	34	2	–	36
Mr. Chow Wan Hoi, Paul *(note 2)*	–	–	–	–	–
Mr. Hui Wing Sang, Wilson *(note 3)*	–	–	–	–	–
Mr. Tang King Fai, Kelvin	–	–	–	–	–
Mr. Kwok Ming Wa *(note 7)*	–	–	–	–	–
Mr. Chiu Siu Keung *(note 7)*	–	–	–	–	–
Mr. Wang Tianye *(note 7)*	–	–	–	–	–
	–	504	19	–	523

Notes:

1. Appointed on 1 November 2005.
2. Resigned on 20 February 2006.
3. Resigned on 20 February 2006.
4. Appointed on 20 February 2006.
5. Appointed on 20 February 2006.
6. Resigned on 1 November 2005.
7. Resigned on 19 July 2004.

During the year, no salaries were paid to independent non-executive directors (2005: HK$Nil).

During the year, there were no arrangements under which a director waived or agreed to waive any remuneration during the year (2005: HK$Nil).

15. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Directors' and Senior Management's Emolument (Continued)

The number of the directors fell within the following bands:

	Number of directors	
	2006	2005
Nil to HK$1,000,000	**2**	3

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Company for the year include two executive directors (2005: three) whose emoluments are reflected in the analysis presented in note 15(a) above. During the year ended 31 December 2006 and 2005, there were no emoluments payable to other employees.

16. INCOME TAX EXPENSES

Current Taxation

No provision for Hong Kong profits tax has been made as the Company incurred a taxation loss for the year (2005: HK$Nil).

No provision for deferred taxation has been made as the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2005: HK$Nil).

16. INCOME TAX EXPENSES (Continued)

Current Taxation (Continued)

The income tax expenses for the year can be reconciled to the loss per the income statement as follows:

	2006		2005	
	HK$'000	%	HK$'000	%
Loss before tax	(2,740)		(4,726)	
Tax at Hong Kong profit tax rate of 17.5% (2005: 17.5%)	(480)	(17.5)	(827)	(17.5)
Estimated tax effect on income that are not taxable in determining taxable profit	–	–	(2)	(0.1)
Estimated tax effect on expenses that are not deductible in determining taxable profit	371	13.5	–	–
Tax effect of unrecognised tax losses	109	4.0	829	17.6
Income tax expenses and effective tax rate for the year	–	–	–	–

17. NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of the loss of HK$2,740,000 (2005: HK$4,726,000).

18. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2006 (2005: Nil).

19. LOSS PER SHARE

The calculation of basic loss per share is based on the Company's net loss attributable to the shareholders of HK$2,740,000 (2005: HK$4,726,000) and the 60,000,000 (2005: 57,808,000) weighted average ordinary shares in issue during the year.

There were no dilutive potential shares during the years ended 31 December 2005 and 2006, therefore, no diluted loss per share has been presented.

20. DEFERRED TAXATION

As at the balance sheet date, the Company has estimated tax losses of approximately HK$9,499,000 (2005: HK$20,887,000) and deductible temporary differences of approximately HK$1,060,000 (2005: HK$5,165,000) that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been provided for due to the unpredictability of the future profit streams.

21. NET LIABILITIES VALUE PER SHARE

The calculation of net liabilities value per share is based on the net liabilities of HK$1,908,000 (2005: net assets value of HK$832,000) and the 60,000,000 (2005: 60,000,000) ordinary shares in issue as at 31 December 2006 and 31 December 2005.

22. MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2005 and 2006, the Company had entered into transactions with related parties which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Company's business.

Nature of related party relationship	Nature of transactions	2006 HK$'000	2005 HK$'000
Company with common director:			
First Asia Finance Group Limited *(Note (a))*	Administration fee – paid	–	175

Note (a): Mr Li Sze Tang who resigned on 1 November 2005 had beneficial interest in the related company.

Key management compensation

	2006 HK$'000	2005 HK$'000
Salaries and other short-term employee benefits	504	504
Employer contribution to pension scheme	21	19
	525	523

Amount due to a director

	2006 HK$'000	2005 HK$'000
Mr Tam Wai Keung, Billy – Cash advanced to the Company	1,031	1,000

23. SUBSEQUENT EVENTS

The Company had no significant event took place subsequent to the balance sheet date.

24. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 April 2007.