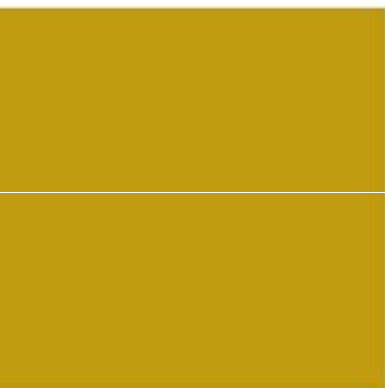


TANRICH

TANRICH FINANCIAL HOLDINGS LIMITED
敦沛金融控股有限公司*

Stock Code : 0812

商界展關懷
caring **company**



Interim Report
2007/08



*For identification only

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Dr. YIP Man Fan (*Chairman*)
Mr. KWOK Kam Hoi (*Deputy Chairman*)
Mr. TSUNOYAMA Toru
Ms. WONG, Vicky Lai Ping

Independent Non-executive Directors

Dr. LAM, Andy Siu Wing, JP
Mr. MA, Andrew Chiu Cheung
Mr. YU King Tin

Audit Committee

Dr. LAM, Andy Siu Wing, JP (*Chairman*)
Mr. MA, Andrew Chiu Cheung
Mr. YU King Tin

Remuneration Committee

Dr. LAM, Andy Siu Wing, JP (*Chairman*)
Mr. MA, Andrew Chiu Cheung
Mr. YU King Tin
Mr. TSUNOYAMA Toru
Ms. WONG, Vicky Lai Ping

Authorised Representatives

Mr. KWOK Kam Hoi
Ms. CHEUNG, Fendi Chung Yee

Company Secretary and Qualified Accountant

Ms. CHEUNG, Fendi Chung Yee

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

16th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Bermuda Principal Share Registrar	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HM08 Bermuda
Hong Kong Branch Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai, Hong Kong
Auditors	Mazars CPA Limited <i>Certified Public Accountants</i> 34th Floor, The Lee Gardens 33 Hysan Avenue Causeway Bay, Hong Kong
Listing Information	The Stock Exchange of Hong Kong Limited Stock Code: 812
Website	www.tanrich-group.com

INTERIM RESULTS

The Board of Directors (the "Directors") (the "Board") of Tanrich Financial Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries ("Tanrich" or the "Group") for the six months ended 31 December 2007 together with the comparative figures for the preceding interim period ended 31 December 2006 as set out on pages 8 to 24 of this report.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the year ending 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group recorded a turnover of HK\$76.5 million (2006: HK\$44.5 million) and a profit attributable to equity holders of HK\$19.2 million (2006: HK\$0.9 million). Both the turnover and the results increased significantly. Each business segment has shown improvement. The earnings per share also increased to 3.5 HK Cents which is more than 15 times of last period.

Futures broking

The commission income derived from broking in futures contracts for the period under review remained at similar level of HK\$15.4 million (2006: HK\$15.2 million). With the continuous effort from the management in reducing the operating costs, the segment results turnaround to a profit of HK\$1.9 million from a loss of HK\$1.4 million.

Securities broking and margin financing

The securities trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") increased drastically that the average daily turnover for 2nd half 2007 increased to HK\$115.3 billion and 52 companies were newly listed on the Stock Exchange in last half year, the turnover from securities broking and margin financing business for the period under review further increased by more than 2 times to HK\$25.0 million accordingly.

The Group strived to balance the increasing demand in margin financing from our clients and high standard of credit control. As such the interest income from margin financing attributed approximately one fifth of the segment turnover and increased by 59.0% from last year. The segment profit increased by more than 8 times to HK\$9.0 million.

Corporate finance

The corporate finance team was engaged in more non-initial public offering ("IPO") assignments that they acted as the agents of 3 placing exercises and the independent financial advisers to 2 listed companies. Hence the turnover of the period amounted to HK\$3.5 million which is 8 times to the same period last year and this business achieved breakeven in the period under review. The corporate finance team will balance the resources to IPO and non-IPO exercises to smooth the fluctuation in performance.

Wealth management and insurance agency

The operation of wealth management and insurance agency business has proven to be prosperous. Other than Japan, Taiwan and Singapore, the insurance agency division lined up strategic partners in Philippines and the PRC for referring potential customers for insurance and insurance-linked products in 2007. The turnover increased by more than 2 times to HK\$23.2 million. The segment results also turnaround from a loss of HK\$0.8 million to a profit of HK\$1.5 million.

Money lending

The Group granted new short term loans of HK\$25 million during the period under review for terms ranged from 1 to 3 months. The turnover and profit from money lending business was HK\$0.7 million and HK\$0.5 million respectively. All loans were granted under our strict credit assessment policies and procedures.

Proprietary trading

Despite turnover in proprietary trading decreased to HK\$8.7 million, the segment profit remained at HK\$6.7 million. The decrease in turnover is mainly because less trades were done during the period of wide fluctuation of Hong Kong stock market. As the interest rate dropped significantly recently, the Group may consider some other principal protected structure products to diversify the investment portfolio.

Prospects

Since the outbreak of the sub-prime mortgage crisis, the economic situation in the US had become less favorable. Sharp contraction in housing market led to a huge write down from financial institutions. To protect themselves from further losses, financial institutions had tightened the credit standard, which increased the severity of the downturn. The US Government and the Federal Reserves had addressed the problem and implemented several measures to rescue the economy from recession. Meanwhile, the turbulence in financial market is likely to persist in short term before any signs of recovery in the US economy. On the other hand, to forestall the economy

Prospects *(continued)*

from overheating, further tightening measures by the PRC Government had been taken. As such, A-share market experienced a sharp correction in the first quarter of 2008. Given a weaker outlook in global economy and expected softening inflationary pressure, the authority may relax the control in coming months. Overall, we believe the Chinese economy should remain relatively intact. Dragged by the weak performance of overseas markets, local market was under considerable stress and the HSI slumped to recent months low. However, stock valuation, especially on H-share, has been adjusted to reasonable level, which should give support to stock market. We expect a stabilized stock market performance in the second half of this year after the ease of credit crunch.

Due to the shortage in supply, persistent weakness in US dollar and strong demand from emerging countries, we expected the commodity bull market might run for a considerable period and thus commodities Exchange Traded Fund (“ETF”) should draw investors’ attention in 2008. Tanrich launched commodities ETF agency services last year and received positive response from our clients. We shall keep looking for new structured products from reputable investment banks to provide full ranged retail products and services to our clients.

Financial review

Liquidity, financial resources and gearing ratio

As at 31 December 2007, the Group had total cash and bank balances of HK\$120.8 million (30 June 2007: HK\$94.0 million), while net current assets amounted to HK\$187.7 million (30 June 2007: HK\$156.4 million). The increase in cash and bank balances is mainly due to the issue of new shares of net proceeds of HK\$37.8 million in August 2007 as disclosed in the Annual Report 2007. The current ratio as a ratio of current assets to current liabilities was about 5.0 (30 June 2007: 1.7).

Banking facilities and charges on assets

The group meets its daily operating obligations from its internal resources. The finance costs are minimal to the Group. At the balance sheet date, the Group had no bank borrowings which resulted in zero gearing ratio.

At 31 December 2007, the Group have banking facilities amounted to HK\$51.0 million. The Group pledged certain investments in listed securities of HK\$97.2 million and fixed deposits of HK\$1.0 million for the facilities. The Company also provided corporate guarantees for the facilities of HK\$50.5 million granted to its subsidiaries.

Material investments

During the period under review, the Group invested in 2 listed and 3 non-listed companies for long term capital appreciation. The total investment costs amounted to HK\$20.6 million. Due to the fluctuation in stock market, the Group realized certain investments in listed companies and gained HK\$5.4 million.

During the period, the Group also invested in a Swiss associate which is engaged in fund management. The fund will mainly be invested in property development and related projects in the Greater China Region. The Group expects the fund will be launched in 2008.

Contingencies

As at 31 December 2007, there were no significant changes in contingent liabilities as disclosed in the Annual Report 2007.

Commitments

As at 31 December 2007, the Group had capital commitment of HK\$1.0 million contracted but not provided for in the financial statements in respect of the purchase of computer equipment and of HK\$0.4 million for the office renovation work.

Exposure to fluctuations in exchange rates and related hedges

The Group faced similar foreign exchange risk as disclosed in the Annual Report 2007 and the Group had a total margin deposit placed with the two designated futures commission merchants of JPY163.6 million and a bank deposit of JPY0.4 million, being equivalent to approximately HK\$11.5 million in total. This amount has been fully hedged with USD/JPY foreign exchange deferred trading.

Employees

As at 31 December 2007, the Group had a total of 124 employees. The Group operates different remuneration schemes for account executives and other supporting and general staff respectively. Account executives are remunerated on the basis of on-target-earning packages comprising base pay or drawing, commission and/or bonus. All supporting and general staff is also entitled to year-end discretionary bonuses. The Group provides training programs for the staff to enhance their skills and products, regulatory and compliance knowledge. For the period under review, the Group has conducted in-house training of 9 hours qualified for claiming Continuous Professional Training hours for the licensed persons.

The Company has share options schemes under which the Company may grant options to eligible persons to subscribe for shares in the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 December	
	Note	2007 HK\$'000	2006 HK\$'000
Turnover	2	76,546	44,548
Other revenue		11,790	5,583
Employee benefit expenses	3	(27,430)	(19,320)
Depreciation and amortisation		(735)	(652)
Cost of investments held for trading sold		(2,359)	(8,477)
Brokerage and agency commission		(21,184)	(7,880)
Other operating expenses		(15,336)	(11,750)
Finance costs		(2,614)	(1,144)
Share of profit of an associate		20	—
Profit before taxation		18,698	908
Taxation	4	472	—
Profit for the period	2	19,170	908
Profit attributable to equity holders of the Company		19,170	908
			<i>(Restated)</i>
Earnings per share			
— Basic (HK Cents)	5	3.48	0.23
— Diluted (HK Cents)	5	3.37	0.23

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		1,025	1,483
Intangible assets		320	350
Interests in an associate	6	2,577	—
Available-for-sale financial assets	7	187,312	78,172
Other non-current assets		2,000	2,000
Loans and advances	8	47	106
		193,281	82,111
Current assets			
Loans and advances	8	5,136	5,149
Investments held for trading		7,790	7,916
Accounts receivable	9	96,018	264,341
Other receivables		5,192	22,433
Pledged deposits	10	1,000	1,039
Cash and bank balances	11	119,772	92,983
		234,908	393,861
Current liabilities			
Interest-bearing borrowings		—	156,000
Accounts payable	12	39,316	51,734
Other payables and accrued charges		7,890	12,506
Taxation payable		—	17,206
		47,206	237,446
Net current assets		187,702	156,415
NET ASSETS		380,983	238,526
Capital and reserves			
Share capital	13	55,934	26,438
Reserves	14	325,049	212,088
TOTAL EQUITY		380,983	238,526

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 31 December	
	2007 HK\$'000	2006 HK\$'000
Net cash generated from (used in) operating activities	8,722	(34,508)
Net cash (used in) generated from investing activities	(15,412)	706
Net cash generated from financing activities	33,440	—
Net increase (decrease) in cash and cash equivalents	26,750	(33,802)
Cash and cash equivalents at beginning of period	94,022	67,150
Cash and cash equivalents at end of period	120,772	33,348
Analysis of balances of cash and cash equivalents		
Cash and bank balances	119,772	32,099
Pledged deposits	1,000	1,249
	120,772	33,348

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 31 December 2007 HK\$'000	2006 HK\$'000
Total equity at 1 July (audited)	238,526	151,461
Change in fair value of available-for-sale financial assets	95,202	31,891
Realisation upon disposal of available-for-sale financial assets	(5,400)	—
Exchange difference on share of net assets of an associate	46	—
Profit for the period	19,170	908
Total recognised income and expense attributable to equity holders of the Company	109,018	32,799
Issue of shares under share option schemes	1,232	—
Issue of new shares, net of expenses	37,800	—
Dividend paid	(5,593)	—
Total equity at 31 December (unaudited)	380,983	184,260

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The condensed consolidated financial statements for the six months ended 31 December 2007 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2007 annual financial statements of the Group.

The accounting policies and methods of computation used in preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2007. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA, that are relevant to the Group and effective from the current period did not have any significant effect on the financial position or performance of the Group.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate their impact on its results of operations and financial position.

2. Segment information

An analysis of the Group's turnover and results for the period by business segment is as follows:

Six months ended 31 December 2007 (unaudited)

	Futures broking HK\$'000	Securities broking and margin financing HK\$'000	Corporate finance HK\$'000	Wealth manage- ment and insurance agency HK\$'000	Money lending HK\$'000	Proprietary trading HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Turnover	15,395	24,967	3,482	23,239	723	8,740	—	76,546
Brokerage and agency commission	(1,104)	(67)	(125)	(19,013)	—	(875)	—	(21,184)
Results	1,908	8,971	(9)	1,499	468	6,673	(6,194)	13,316
Gain on disposal of available-for-sale financial assets								5,362
Share of profit of an associate								20
Taxation								472
Profit for the period								19,170

Six months ended 31 December 2006 (unaudited)

	Futures broking HK\$'000	Securities broking and margin financing HK\$'000	Corporate finance HK\$'000	Wealth manage- ment and insurance agency HK\$'000	Money lending HK\$'000	Proprietary trading HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Turnover	15,207	7,935	435	7,261	376	13,334	—	44,548
Brokerage and agency commission	(1,091)	(23)	—	(5,924)	—	(842)	—	(7,880)
Results	(1,380)	954	(1,939)	(798)	126	6,952	(3,007)	908
Taxation								—
Profit for the period								908

3. Employee benefit expenses

	Unaudited Six months ended 31 December	
	2007	2006
	HK\$'000	HK\$'000
Salaries, commission and allowances	26,848	18,838
Contributions to retirement benefit schemes	582	482
	27,430	19,320

4. Taxation

Hong Kong Profits Tax has not been provided in both current and previous periods as certain group companies' assessable profits for these periods were wholly absorbed by unrelieved tax losses brought forward from previous years and the other group companies had no assessable profits for these periods. The amount represented overprovision of Hong Kong Profits Tax in previous years.

5. Earnings per share

The calculations of basic and diluted earnings per share are based on the profit attributable to equity holders for the period of HK\$19,170,000 (2006: HK\$908,000).

The basic earnings per share is based on the weighted average number of ordinary shares of 551,116,000 (2006 restated: 400,000,000) in issue during the period.

The diluted earnings per share is based on 568,389,000 (2006 restated: 401,012,000) shares which is the weighted average number of ordinary shares during the period adjusted for the number of dilutive potential shares under the share option schemes.

The weighted average number of ordinary shares adopted in the calculations of the basic and diluted earnings per share in 2006 has been adjusted to reflect the impact of the bonus issue effected in August 2007.

6. Interests in an associate

		Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
	<i>Note</i>		
Share of net assets	<i>(a)</i>	937	—
Goodwill	<i>(b)</i>	1,640	—
		2,577	—

Note:

(a) Details of the unlisted associate as at 31 December 2007 are as follows:

Name of associate	Place of incorporation	Particulars of issued and paid up ordinary capital held	Interest held	Principal activities
FundStreet AG, ("FundStreet")	Zurich, Switzerland	76,700 shares of CHF 1 each	29.57%	Asset management

During the period, the Group entered into an agreement with FundStreet to subscribe for new shares in FundStreet, representing 29.57% of the enlarged share capital of FundStreet, at a consideration of HK\$2.5 million.

6. Interests in an associate (continued)

- (b) Details of the financial position of FundStreet at the effective date of acquisition and goodwill arising from acquisition are as follows:

	Fair value HK\$'000
Non-current assets	60
Cash and bank balance	3,102
Other current assets	126
Loan	(263)
Other liabilities	(79)
Net assets	2,946
Net assets acquired by the Group	871
Goodwill on acquisition	1,640
Consideration satisfied by cash	2,511

Goodwill on acquisition is attributable to FundStreet's investment plan in real estate project development companies in China.

7. Available-for-sale financial assets

	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Equity investments — non-listed	14,427	88
Equity investments — listed in Hong Kong	172,885	78,084
	187,312	78,172

The Group pledged certain listed investments of aggregate carrying amount of HK\$97,152,000 (30 June 2007: HK\$44,240,000) to banks as collateral for the banking facilities granted to a subsidiary of the Company.

7. Available-for-sale financial assets (continued)

At the balance sheet date, the carrying amount of interests in the following company exceeded 10% of total assets of the Group.

Name	Place of incorporation/ place of operation	Principal activities	Issued and fully paid share capital	Percentage of interests held
Hong Kong Exchanges and Clearing Limited	Hong Kong/ Hong Kong	Owens and operates the only stock exchange and futures exchange in Hong Kong, and their related clearing houses	HK\$1,070,285,000 (divided into 1,070,285,000 ordinary shares of HK\$1 each)	0.07%

8. Loans and advances

Loans and advances were granted to the clients by the Group based on credit assessment and terms of such loans and advances were offered subject to their pledged collateral.

9. Accounts receivable

	Note	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Accounts receivable arising from the ordinary course of business of broking in securities and futures contracts:			
— securities cash clients	(a)	13,430	7,077
— securities margin clients	(b)	48,659	38,549
— securities subscription clients		—	182,674
— securities clearing house and brokers		889	1,631
— futures clearing house and brokers	(c)	32,293	34,081
Accounts receivable arising from the provision of corporate finance advisory services		184	36
Accounts receivable arising from the provision of unit trusts and insurance-linked products agency services		563	293
		96,018	264,341

9. Accounts receivable (continued)

Settlement terms

The settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are two trading days after the transaction date.

Accounts receivable arising from the ordinary course of business of broking in index, commodity and currency futures contracts represent the margin deposits maintained with futures clearing house or brokers to meet the margin requirements of open contracts. Margin calls from clearing house and brokers are settled on a daily basis. The excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts receivable arising from the provision of corporate finance advisory services, unit trusts and insurance-linked products agency services are repayable within 30 days.

- (a) At the balance sheet date, the ageing analysis of accounts receivable from securities cash clients is as follows:

	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Current	11,465	5,889
Overdue:		
— Within 30 days	1,964	1,188
— 31 – 90 days	1	—
	13,430	7,077

No provision was made for overdue receivables from cash clients as at 31 December 2007 and 30 June 2007.

9. Accounts receivable (continued)

Settlement terms (continued)

- (b) At the balance sheet date, the ageing analysis of accounts receivable from securities margin clients is as follows:

	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Current	42,554	33,567
Overdue:		
— Within 30 days	6,013	4,982
— 31 — 90 days	7	—
— 91 — 180 days	—	—
— Over 180 days	2,038	1,953
	50,612	40,502
Provision for bad and doubtful debts	(1,953)	(1,953)
	48,659	38,549

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates.

- (c) Accounts receivable from futures clearing house and brokers do not include a deposit of HK\$324,000 (30 June 2007: HK\$1,470,000) in respect of clients' monies deposited therein.

10. Pledged deposits

The Group has pledged bank deposits to secure foreign exchange deferred trading and general banking facilities granted to subsidiaries of the Company.

11. Cash and bank balances

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the balance sheet date, trust monies not otherwise dealt with in the financial statements amounted to HK\$113,016,000 (30 June 2007: HK\$86,189,000).

12. Accounts payable

	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Accounts payable arising from the ordinary course of business of broking in securities and futures contracts:		
— securities cash clients	84	20,097
— securities margin clients	—	851
— securities brokers	1,139	—
— futures clients	15,647	24,233
— clearing houses	8,557	6,474
Accounts payable arising from the provision of unit trusts and insurance-linked products agency services	13,889	79
	39,316	51,734

The settlement terms of accounts payable from the ordinary course of business of broking in securities in respect of cash clients and margin clients are two trading days after the transaction date.

Accounts payable arising from the ordinary course of business of broking in index, commodity and currency futures contracts represent the margin deposits received from clients for their trading in futures contracts. The excess over the required margin deposit stipulated are repayable to clients on demand.

Accounts payable arising from the provision of unit trusts and insurance-linked products agency services are repayable within 30 days.

Accounts payable are stated net of clients' segregated assets of HK\$113,340,000 (30 June 2007: HK\$87,659,000).

13. Share capital

	Unaudited 31 December 2007		Audited 30 June 2007	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
1,000,000,000 shares of HK\$0.1 each	1,000,000	100,000	1,000,000	100,000
Issued and fully paid:				
At beginning of period/ year	264,383	26,438	200,000	20,000
Issue of shares under share option schemes (note a)	1,786	179	24,383	2,438
Issue of bonus shares (note b)	266,169	26,617	—	—
Issue of new shares (note c)	27,000	2,700	40,000	4,000
At balance sheet date	559,338	55,934	264,383	26,438

Note:

- During the period, share options granted under the share option schemes were exercised to subscribe for 1,786,000 ordinary shares of HK\$0.1 each of the Company at the exercise prices ranging from HK\$0.65 to HK\$0.72 per share.
- By an ordinary resolution passed at a special general meeting held on 1 August 2007, an aggregate of 266,169,000 bonus shares of HK\$0.1 each were issued to the then shareholders.
- On 23 August 2007, an aggregate of 27,000,000 ordinary shares of HK\$0.1 each of the Company was issued to an independent investor at the price of HK\$1.4 per share.

All these shares issued during the period rank pari passu in all respects with the then existing shares.

14. Reserves

	Investment revaluation reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2006 (audited)	45,218	17,137	40,836	—	28,270	131,461
Change in fair value of available-for-sale financial assets	31,891	—	—	—	—	31,891
Profit for the period	—	—	—	—	908	908
At 31 December 2006 (unaudited)	77,109	17,137	40,836	—	29,178	164,260
At 1 July 2007 (audited)	78,047	50,957	40,836	—	42,248	212,088
Change in fair value of available-for-sale financial assets	95,202	—	—	—	—	95,202
Realisation upon disposal of available-for-sale financial assets	(5,400)	—	—	—	—	(5,400)
Exchange difference on share of net assets of an associate	—	—	—	46	—	46
Profit for the period	—	—	—	—	19,170	19,170
Issue of bonus shares	—	(26,617)	—	—	—	(26,617)
Issue of shares under share option schemes	—	1,053	—	—	—	1,053
Issue of new shares, net of expenses	—	35,100	—	—	—	35,100
Dividend paid	—	—	—	—	(5,593)	(5,593)
At 31 December 2007 (unaudited)	167,849	60,493	40,836	46	55,825	325,049

15. Related party transactions

Other than disclosed elsewhere in the financial statements, there are other related party transactions entered into by the Group during the period, details of which are set out below:

Related party relationship	Nature of transaction	Unaudited Six months ended 31 December	
		2007 HK\$'000	2006 HK\$'000
Key management personnel, including directors	Short-term employee benefits	5,581	5,963
A related company (Note)	Management fee received	(480)	(480)

Note:

During the period, the Group charged a related company, Tanrich (Hong Kong) Holdings Limited ("THKHL"), management fee of HK\$80,000 per month for the management and personnel supportive services provided by the Group. THKHL is controlled by a combination of certain directors of the Company.

16. Commitments

(i) Capital expenditure commitments

	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Contracted but not provided for net of deposits paid in the financial statements for the purchase of computer equipment	1,011	836
Contracted to acquire listed shares as available-for-sale financial assets	—	5,000
Contracted but not provided for net of deposits paid in the financial statements for office renovation work	411	—
	1,422	5,836

(ii) Commitments under operating leases

The Group leases a number of properties under operating leases, which typically run for an initial period of 2 to 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the balance sheet date, the Group had total minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 31 December 2007 HK\$'000	Audited 30 June 2007 HK\$'000
Within one year	6,378	3,389
In the second to fifth year inclusive	17,483	39
	23,861	3,428

17. Comparative figures

Certain comparative amounts regarding other revenue, segment information and earnings per share have been restated to conform with current period's presentation.

OTHER INFORMATION

Directors' and chief executives' interests and short positions in the shares and underlying shares of the company

As at 31 December 2007, the interests of the Directors of the Company and their respective associates in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules were as follows:

Interests in long positions in the shares and underlying shares of the Company

	Number of ordinary shares held			Number of underlying shares (Note 3)	Total
	Personal interests	Family interests	Other interests		
Yip Man Fan	6,742,000	15,000,000 (Note 1)	240,000,000 (Note 2)	—	261,742,000
Kwok Kam Hoi	8,000,000	—	—	4,000,000	12,000,000
Tsunoyama Toru	50,680,000	—	—	1,720,000	52,400,000
Wong, Vicky Lai Ping	—	—	—	4,140,000	4,140,000
Lam, Andy Siu Wing, JP	—	—	—	400,000	400,000
Ma, Andrew Chiu Cheung	—	—	—	400,000	400,000
Yu King Tin	—	—	—	400,000	400,000

Notes:

1. Shares are held by Ms. Tang Yuk Lan, the spouse of Dr. Yip Man Fan.
2. Shares are held by discretionary trusts of which Dr. Yip Man Fan and members of his family are beneficiaries.
3. These interests represent the interests in the underlying shares in respect of share options granted by the Company to the Directors as beneficial owners.

Save as disclosed above, as at 31 December 2007, none of the Directors, the chief executives or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share option schemes

The Company operates two share option schemes, which were adopted on 7 January 2002 (the “Pre-Listing Scheme”) and 30 January 2004 (the “Post-Listing Scheme”) respectively. Movement of the share options for the period ended 31 December 2007 under the two share option schemes were as follows:

(i) Pre-Listing Scheme

	Number of shares issuable under the options			Subscription price HK\$	Grant date	Exercisable from	Exercisable until
	As at 1 July 2007	Exercised during the period	As at 31 December 2007				
Directors:							
Kwok Kam Hoi	4,000,000	—	4,000,000	0.36	22 February 2002	22 February 2003	7 January 2012
Tsunoyama Toru	1,720,000	—	1,720,000	0.36	22 February 2002	22 February 2003	7 January 2012
Wong, Vicky Lai Ping	600,000	—	600,000	0.36	22 February 2002	22 February 2003	7 January 2012
	2,000,000	—	2,000,000	0.325	3 July 2006	3 July 2007	7 January 2012
Continuous contract employees	1,820,000	1,820,000	—	0.36	22 February 2002	22 February 2003	7 January 2012
	1,000,000	1,000,000	—	0.325	3 July 2006	3 July 2007	7 January 2012
Bona fide consultants of the Group	280,000	—	280,000	0.36	22 February 2002	22 February 2003	7 January 2012
	1,492,000	—	1,492,000	0.335	4 January 2007	4 January 2008	7 January 2012
Total	12,912,000	2,820,000	10,092,000				

Notes:

1. The subscription price for options granted before 1 August 2007, the closing price referred to in notes 2 to 4 below and the outstanding options as at 1 July 2007 have been adjusted to take into account the effect of the bonus issue as approved by the shareholders of the Company on 1 August 2007 (“Bonus Issue”), which became unconditional on 7 August 2007.
2. The closing price immediately before the date on which the options granted on 22 February 2002 was HK\$0.325.
3. The closing price immediately before the date on which the options granted on 3 July 2006 was HK\$0.325.
4. The closing price immediately before the date on which the options granted on 4 January 2007 was HK\$0.33.
5. The weighted average closing price immediately before the dates on which the options were exercised was HK\$1.55.

Share option schemes (continued)

(ii) Post-Listing Scheme

	Number of shares issuable under the options				Exercise price HK\$	Grant date	Exercisable from	Exercisable until
	As at 1 July 2007	Granted during the period	Exercised during the period	As at 31 December 2007				
Directors:								
Wong, Wicky Lai	540,000	—	—	540,000	0.335	27 April 2004	27 April 2005	26 April 2014
Ping	1,000,000	—	—	1,000,000	0.335	4 January 2007	4 January 2008	3 January 2017
Lam, Andy Siu Wing, JP	400,000	—	—	400,000	0.92	1 June 2007	1 June 2008	31 May 2017
Ma, Andrew Chiu Cheung	400,000	—	—	400,000	0.92	1 June 2007	1 June 2008	31 May 2017
Yu King Tim	400,000	—	—	400,000	0.92	1 June 2007	1 June 2008	31 May 2017
Continuous contract employees	844,000	—	752,000	92,000	0.335	27 April 2004	27 April 2005	26 April 2014
	10,600,000	—	—	10,600,000	0.335	4 January 2007	4 January 2008	3 January 2017
	—	600,000	—	600,000	0.78	6 November 2007	6 November 2008	5 November 2017
Consultants/Advisors	302,000	—	—	302,000	0.335	27 April 2004	27 April 2005	26 April 2014
	2,000,000	—	—	2,000,000	0.335	4 January 2007	4 January 2008	3 January 2017
	—	14,000,000	—	14,000,000	1.5	14 August 2007	14 August 2008	13 August 2017
Total	16,486,000	14,600,000	752,000	30,334,000				

Notes:

1. The exercise price for options granted before 1 August 2007, the closing price referred to in notes 2 to 4 below and the outstanding options as at 1 July 2007 have been adjusted to take into account the effect of the Bonus Issue.
2. The closing price immediately before the date on which the options granted on 27 April 2004 was HK\$0.335.
3. The closing price immediately before the date on which the options granted on 4 January 2007 was HK\$0.33.
4. The closing price immediately before the date on which the options granted on 1 June 2007 was HK\$0.975.
5. The closing price immediately before the date on which the options granted on 14 August 2007 was HK\$1.52.
6. The closing price immediately before the date on which the options granted on 6 November 2007 was HK\$0.77.
7. The weighted average closing price immediately before the dates on which the options were exercised was HK\$1.55.

Directors' rights to acquire shares or debentures

Apart from disclosed under "SHARE OPTION SCHEMES" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouses or children under the age of 18 to acquire such rights in any other body corporate.

Substantial shareholders' interests and short positions in shares and underlying shares

As at 31 December 2007, the persons, (other than the Directors whose interests or short positions have been disclosed above) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are as follows:

Name of shareholders	<i>Note</i>	Number of ordinary shares held	Percentage of holding
Aceland Holdings Ltd.	1, 2 & 4	240,000,000	42.91%
Redwood Pacific Limited	2 & 4	240,000,000	42.91%
HSBC International Trustee Limited	3 & 4	240,000,000	42.91%
Tang Yuk Lan	5	261,742,000	46.79%
Keywise Greater China Master Fund	6 & 7	56,000,000	10.01%
Keywise Capital Management (HK) Limited	6 & 7	56,000,000	10.01%
UBS AG	7	56,000,000	10.01%

Notes:

1. Aceland Holdings Ltd. is the trustee of The Yip Unit Trust, which holds 42.91% of the shareholdings of the Company.
2. Redwood Pacific Limited is the trustee of The Yip Man Fan Unit Trust, which holds 100% of those units in The Yip Unit Trust.

Substantial shareholders' interests and short positions in shares and underlying shares *(continued)*

Notes: *(continued)*

3. HSBC International Trustee Limited is the trustee of The Yip Man Fan Family Trust, which holds 99.99% of the units in The Yip Man Fan Unit Trust.
4. Under Part XV of the SFO, each of Redwood Pacific Limited, and HSBC International Trustee Limited is taken to have an interest in the same 240,000,000 ordinary shares held by Aceland Holdings Ltd., on trust for The Yip Unit Trust. These shares therefore duplicate each other.
5. Ms. Tang Yuk Lan is the spouse of Dr. Yip Man Fan. Under Part XV of the SFO, each of Dr. Yip Man Fan and Ms. Tang Yuk Lan is taken to have an interest in the shares held by each other. These shares therefore duplicate each other.
6. Keywise Greater China Master Fund ("Keywise") is the beneficial owner of the 56,000,000 shares. Keywise Capital Management (HK) Limited is the investment advisor of Keywise.
7. UBS AG ("UBS") is the prime broker of Keywise. UBS has the right to rehypothecate the shares held on behalf of Keywise. Under Part XV of the SFO, each Keywise, Keywise Capital Management (HK) Limited and UBS is deemed to have an interest in the same 56,000,000 shares held by Keywise. These reporting of interests therefore duplicate each other.

Corporate governance

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practice contained in Appendix 14 of the Listing Rules (the "Code") throughout the accounting period under review except Code Provision A.2.1 which requires the management of the Board and the day-to-day management of business be performed by separate individuals. There is no such office of chief executive officer in our Group. To maintain proper segregation of duties and balance of power and authority, different functions of the operation are managed by respective members of the Board and senior management of the Group. The Executive Directors, without the Chairman, and the in-charge of all departments meet monthly for discussing and determining the business and operation issues.

Model Code of the Listing Rules

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry with each Director and was confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 31 December 2007.

Purchase, sale or redemption of shares

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any share in the Company.

Audit committee

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed interim financial statements for the six months ended 31 December 2007, in conjunction with the external auditors of the Company.

By Order of the Board

Kwok Kam Hoi

Deputy Chairman

Hong Kong, 14 March 2008