

INTERIM REPORT 2008



RADFORD CAPITAL INVESTMENT LIMITED
萊福資本投資有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code: 901

The board of Directors (the "Board") of Radford Capital Investment Limited (the "Company") announces that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 (the "Period"), which have been reviewed by the Company's audit committee and the auditors, are set out on pages 7 to 17.

BUSINESS REVIEW

The unaudited turnover of the Group for the period was approximately HK\$3.61 million, representing an increase of 3.7 times as compared to approximately HK\$0.98 million in the corresponding period of last year. The unaudited consolidated net loss attributable to shareholders of the Group for the Period was approximately HK\$257.26 million as compared to the unaudited consolidated profit of HK\$134.92 million in the corresponding period of last year. The basic loss per share of the Group was approximately HK28.0 cents (2007: earnings per share HK23.3 cents).

Poor market condition has negatively affected the Group as evidenced by the respective drop in major markets – Dow Jones Industrial Average, FTSE 100 Index, Nikkei 225 Stock Average and Hang Seng Index fell by 14.4%, 12.9%, 11.9% and 20.5% respectively during the Period. As a result, the Group made a loss from operations of approximately HK\$256.55 million during the Period, of which HK\$112.68 million and HK\$146.11 million were the net realised loss and net unrealised loss on securities trading.

The US sub-prime crisis continues to damage the global capital market. The Federal Reserve tried to improve liquidity of the credit market by various measures. However, many financial institutions are still suffering from poor liquidity. Bear Stearns was eventually taken over by JP Morgan while other US and European financial institutions like IndyMac, Northern Rock and Deutsche Industriebank were in financial straits.

Meanwhile, higher oil price not only caused inflation but also squeezed the profit margins of businesses in every industry. The oil price per barrel rose by 45.8% from US\$96 at December-end 2007 to US\$140 at June-end, 2008. Speculative demand and strong growth in emerging economies were the main reasons for the oil price increase.

Inflation is a key concern for China, with CPI rose to a peak of 8.7% in February 2008, compared to 2.7% a year earlier. This has prompted Beijing to continue its austerity measures initiated since last year when interest rate went up by six times in 2007. Meanwhile, the non-tradable A-share reform has cast a shadow over China's A-share market, which has in turn dampened the sentiment of Hong Kong stock market.

The Group had no material contingent liabilities as of 30 June 2008 (2007: Nil).

During the Period, the Company has completed a capital reorganization involving the consolidation of its shares on the basis of every 5 issued and unissued shares of the Company of HK\$0.02 each into one new ordinary share of nominal value of HK\$0.10 each.

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The source of funding of the Group is mainly from its internal financial resources and shareholders' fund. The Company had conducted several equity fund raising transactions during the Period as follows:–

Date of Announcements	Capital Raising Activity	Net Proceeds Raised (HK\$)	Actual Use of Proceeds
3 January 2008	Placing of 145,300,000 shares at HK\$0.091 per share	12.60 million	The entire HK\$12.60 million has been used for the repayment of loans
8 April 2008	Placing of 80,000,000 shares at HK\$0.22 per share	17.10 million	The entire HK\$17.10 million has been used for the repayment of loans

The Group's cash on hand as at 30 June 2008 was about HK\$14.4 million and most of which was in HK dollar.

The Company had completed a consolidation of its shares on the basis of every 5 shares in the issued and unissued shares of the Company of HK\$0.02 each into one consolidated share of HK\$0.10 each. Further details of the share consolidation are set out in the announcement of the Company dated 24 January 2008.

FOREIGN CURRENCY FLUCTUATION

Most of the underlying investments and business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange risk is minimal.

STAFF

As at 30 June 2008, the Group had employed 5 employees, including three executive directors and had no major changes in the information related to human resources as stated in its 2007 Annual Report.

OUTLOOK

The financial tsunami, which we estimated previously, has turned into a reality. The credit crunch has hardly hit U.S. financial sector that Fannie Mae and Freddie Mac were taken over by U.S. Government; Lehman Brothers became bankrupt; Merrill Lynch was acquired by Bank of America and AIG was in serious liquidity problem which urged the Fed to grant a bridging loan of US\$85 billion. All these caused the global financial markets to become volatile and turbulent, which will continue in the near future.

U.S. economy has already reached a recession, which is undisputable. The recession is caused by a structural problem in the banking industry, i.e. sub-prime mortgage and other structured financial products which squeezed the liquidity in both property market and capital market. All sectors, particularly the manufacturing industry and consumer market, are adversely affected. Therefore her recovery may take a longer period of time.

For China, output has been cut by the weaker global demand and this trend will continue. Her tight liquidity policy also caused domestic investment to cool down. Therefore, we expect China will impose measures such as lower the interest rates and the income tax rates to stimulate domestic consumption in the near future. Her growth will continue but at a slower pace.

Hong Kong's economy still looks relatively resilient at present. GDP has slowed down but was at a respectable 4.2% in 2Q08, compared to 6.2% in 2Q07. Hong Kong property prices are still at healthy level, with the Hong Kong Midland Realty Property Affordability Ratio at 30.4% in July 2008 when compared to 93.2% in June 1997. However, signs of tightening liquidity in Hong Kong caused by deteriorating external economic environment cannot be ignored. At the end of the 1st half of 2008, the aggregate closing balance in the clearing accounts and reserve accounts maintained by commercial banks in Hong Kong with the Hong Kong Monetary Authority was HK\$4.66 billion, representing a drop of 56.2% from HK\$10.64 billion at the end of 2007, while turnover of the Hang Seng Index reduced from HK\$14.41 trillion in the 2nd Half of 2007 to HK\$10.52 trillion in the 1st Half of 2008. Hong Kong saw an outflow of funds partly attributed to the downward adjustment of the local stock market. Companies face two major problems, namely increase in production cost caused by inflation and weaker demand resulted from global recession. Therefore, corporation earnings will be trimmed off and we envisage Hong Kong's economic growth is likely to consolidate in the coming year.

Going forward, the Group will be cautious to the volatile market condition. However, the Group will also continue to capture any potential investment opportunity which may arise.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, the Company did not purchase, sell or redeem any of the Company's own securities.

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 June 2008, the following persons (other than the directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance ("SFO"):

Name of shareholders	Number of ordinary shares	Percentage
Gufalore Investments Limited (<i>Note a</i>)	56,992,321	11.03%
Dollar Group Limited (<i>Note b</i>)	36,000,000	6.97%
Au Yeung Kai Chor (<i>Note c</i>)	35,000,000	6.78%
Pearl Decade Limited (<i>Note d</i>)	26,407,881	5.11%

Notes:

- (a) Gufalore Investments Limited is a wholly-owned subsidiary of Unity Investments Holdings Limited, a company listed on the Stock Exchange.
- (b) Dollar Group Limited is a wholly-owned subsidiary of Heritage International Holdings Limited, a company listed on the Stock Exchange.
- (c) An independent third party.
- (d) Pearl Decade Limited is a wholly-owned subsidiary of Willie International Holdings Limited, a company listed on the Stock Exchange.

Save as disclosed above, the Company had not been notified by any other person (other than the directors or chief executive of the Company) who had an interest or a short position 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 as at 30 June 2008.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURE

The Company has granted the following share options to the directors during the Period:

Name of the Directors	Date of Grant	Number of Shares	Exercise Price
Chung Yuk Lun	4 January 2008	14,400,000	HK\$0.0916
Shimazaki Koji	4 January 2008	13,000,000	HK\$0.0916
Nakajima Toshiharu (resigned on 30 April 2008)	4 January 2008	13,000,000	HK\$0.0916
Chung Yuk Lun	25 April 2008	1,120,000	HK\$0.2252
Shimazaki Koji	25 April 2008	1,400,000	HK\$0.2252
Nakajima Toshiharu (resigned on 30 April 2008)	25 April 2008	1,400,000	HK\$0.2252

Save as disclosed above, at no time during the Period was the Company or its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. The Company did not grant any right to subscribe for the shares in the Company to any directors or chief executive of the Company or their respective spouse or children under the age of 18 during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2008, the directors and the chief executive of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ('Model Code'):

Director	Number of ordinary shares Personal interests
CHUNG Yuk Lun	4,000,000

Saved as disclosed above, none of the directors, the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Period, with deviation from code provision A.4.1 of the Code in respect of the service term and rotation of directors (as disclosed below).

As of 30 June 2008, the Board of Directors of the Company comprises Mr. Chung Yuk Lun (Chairman), Mr. Shimazaki Koji (Chief Executive Officer), Mr. Liu On Bong, Peter, the Executive Directors, and Mr. Chan Sze Hung, Mr. Kan Kwok Shu, Albert and Mr. Wong Wai Man, Raymond, the Independent Non-executive Directors.

Under the code provision A.4.1 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

None of the existing non-executive Directors of the Company is appointed for a specific term, which constitutes a deviation from the code provision A.4.1 of the Code. However, one-third of the Directors of the Company (both executive and non-executive) are subject to retirement by rotation at each annual general meeting under the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line to those of the Code.

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), Appendix 10 of the Listing Rules, as the required standard for the Directors of the Company to trade the securities of the Company. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

During the Period, the Audit Committee of the Company comprises Mr. Chan Sze Hung, Mr. Kan Kwok Shu, Albert and Mr. Wong Wai Man, Raymond, the Independent Non-executive Directors. The Audit Committee had reviewed, discussed and approved the financial statements for the Period, which had been reviewed by the Company's auditors, Messrs. HLM & Co..

Save from disclosed above, the Group did not have any material changes in relation to its corporate governance practices as stated in its 2007 Annual Report.

AUDIT COMMITTEE

The Audit Committee, comprising three independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters of the Company including the review of the unaudited interim financial statements and the interim report for the Period. At the request of the Directors, the Company's external auditors, Messrs. HLM & Co., have carried out a review of the unaudited interim financial statements in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		(Unaudited)	
		For the six months	
		ended 30 June	
		2008	2007
	<i>Notes</i>	HK\$	<i>HK\$</i>
			(Restated)
Revenue	(3)	3,610,305	978,775
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(112,683,776)	116,653,098
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		(146,107,162)	31,829,857
Other revenue		1,191,638	34,597
Administrative and other operating expenses		(2,565,640)	(3,379,307)
(Loss)/profit from operations	(4)	(256,554,635)	146,117,020
Finance costs	(5)	(704,974)	(498,561)
(Loss)/profit before taxation		(257,259,609)	145,618,459
Taxation	(6)	–	(10,699,089)
Net (loss)/profit attributable to shareholders		(257,259,609)	134,919,370
Dividend	(7)	–	–
		HK cents	<i>HK cents</i>
Basic (loss)/earning per share	(8)	(28.02)	23.33

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CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	Notes	(Unaudited) At 30 June 2008 HK\$	(Audited) At 31 December 2007 HK\$
Non-current assets			
Property, plant and equipment	(9)	214,435	275,180
Current assets			
Financial assets at fair value through profit or loss	(10)	184,292,375	481,969,061
Accounts receivable, deposit and prepayment		23,638,068	99,340
Cash and bank balances	(11)	14,451,087	4,680,122
		222,381,530	486,748,523
Current liabilities			
Creditors and accrued expenses		580,072	11,518,964
Borrowings	(12)	20,000,000	58,000,000
		20,580,072	69,518,964
Net current assets		201,801,458	417,229,559
Net assets		202,015,893	417,504,739
Capital and reserves			
Share capital	(13)	51,650,729	36,344,729
Reserves		150,365,164	381,160,010
		202,015,893	417,504,739

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	(Unaudited)	
	For the six months ended	
	30 June 2008	30 June 2007
	<i>HK\$</i>	<i>HK\$</i>
Net cash generated from/(used in) operating activities	2,379,485	(90,322,707)
Net cash generated from investing activities	3,620,717	491,130
Net cash generated from financing activities	3,770,763	105,587,182
Net increase in cash and cash equivalents	9,770,965	15,755,605
Cash and cash equivalents at 1 January	4,680,122	2,614,871
Cash and cash equivalents at 30 June	14,451,087	18,370,476

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Capital redemption reserves <i>HK\$</i>	(Accumulated losses)/ retained profits <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2007	31,584,908	257,147,862	168,800	(128,456,297)	160,445,273
Issue of shares by placing for cash	17,643,153	27,907,305	–	–	45,550,458
Issue of shares upon exercise of share options	3,158,400	1,026,480	–	–	4,184,880
Rights issue	15,792,454	–	–	–	15,792,454
Issue of shares upon conversion of convertible notes	24,000,000	16,800,000	–	–	40,800,000
Share issue expenses	–	(740,610)	–	–	(740,610)
Profit for the period	–	–	–	134,919,370	134,919,370
At 30 June 2007	92,178,915	302,141,037	168,800	6,463,073	400,951,825
At 1 January 2008	36,344,729	456,206,641	168,800	(75,215,431)	417,504,739
Issue of shares upon exercise of share options	4,400,000	7,389,824	–	–	11,789,824
Issue of shares by placing for cash	10,906,000	19,916,300	–	–	30,822,300
Shares issue expenses	–	(841,361)	–	–	(841,361)
Loss for the period	–	–	–	(257,259,609)	(257,259,609)
At 30 June 2008	51,650,729	482,671,404	168,800	(332,475,040)	202,015,893

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2007.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The condensed consolidated interim financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s auditors and the audit committee.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies and method of computation used in preparing the unaudited consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2007 except as described below.

For the current interim period, the Group has applied, for the first time, the following new interpretations issued by the HKICPA which are effective for accounting period beginning on or after 1 March 2007 and 1 January 2008. The adoption of the new interpretations has no material effects on how the results and financial position for the current or prior accounting periods are prepared and presented.

HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.

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The Group has not early applied the following new revised HKFRSs relevant to the interim condensed consolidated financial statements that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

3. REVENUE

	(Unaudited)	
	For the six months	
	ended 30 June	
	2008	2007
	HK\$	HK\$
The analysis of revenue for the Period is as follows:		
Interest income	489,588	487,645
Dividend income from financial assets at fair value through profit or loss	3,120,717	491,130
	3,610,305	978,775

4. (LOSS)/PROFIT FROM OPERATIONS

	(Unaudited) For the six months ended 30 June	
	2008	2007
	HK\$	HK\$
<hr/>		
(Loss)/profit from operations has been arrived at after charging:		
Operating lease payments in respect of rented premises	155,000	130,000
Depreciation on property, plant and equipment	<u>60,745</u>	<u>68,197</u>

5. FINANCE COSTS

	(Unaudited) For the six months ended 30 June	
	2008	2007
	HK\$	HK\$
<hr/>		
Interest on borrowings wholly repayable within five years	<u>704,974</u>	<u>498,561</u>

6. TAXATION

	(Unaudited) For the six months ended 30 June	
	2008	2007
	HK\$	HK\$
<hr/>		
Charge of current period	<u>–</u>	<u>10,699,089</u>

Hong Kong Profits Tax has not been provided as there is no assessable profit for the Period (2007: 17.5%).

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2007: Nil).

8. BASIC (LOSS)/EARNING PER SHARE

The calculation of basic (loss)/earning per share is based on the loss for the Period of HK\$257,259,609 (2007: profit of HK\$134,919,370) and on the weighted average number of 918,178,281 shares (2007: 578,277,706 shares (restated)) in issue.

9. PROPERTY, PLANT AND EQUIPMENT

There are no additions nor disposals to property, plant and equipment during the period ended 30 June 2008.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) At 30 June 2008 HK\$	(Audited) At 31 December 2007 HK\$
Analysis of financial assets at fair value through profit or loss:		
Listed in Hong Kong	164,550,403	460,242,271
Listed overseas	10,819,882	12,804,700
Unlisted	8,922,090	8,922,090
	<u>184,292,375</u>	<u>481,969,061</u>
Market value of listed financial assets at fair value through profit or loss	<u>175,370,285</u>	<u>473,046,971</u>

11. CASH AND BANK BALANCES

	(Unaudited) At 30 June 2008 HK\$	(Audited) At 31 December 2007 HK\$
Cash at bank and in hand	<u>14,451,087</u>	<u>4,680,122</u>

The effective interest rates of the deposits range from 0.01% to 0.35% (2007: 0.01% to 0.35%) per annum.

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12. BORROWINGS

	(Unaudited) At 30 June 2008 HK\$	(Audited) At 31 December 2007 HK\$
Other loans – unsecured and wholly repayable within one year	<u>20,000,000</u>	<u>58,000,000</u>

During the Period, the Group obtained new loans in the amount of HK\$20,000,000. The loans bear interest at market rates and will be repayable within one year. The proceeds were used to finance the acquisition of financial assets.

13. SHARE CAPITAL

	Note	Number of ordinary shares of HK\$0.02 each	Number of ordinary shares of HK\$0.1 each	HK\$
Authorised:				
At 31 December 2007		10,000,000,000	–	200,000,000
Consolidation of shares (5 into 1)		<u>(10,000,000,000)</u>	<u>2,000,000,000</u>	<u>–</u>
At 30 June 2008		<u>–</u>	<u>2,000,000,000</u>	<u>200,000,000</u>
Issued and fully paid:				
At 31 December 2007		1,817,236,430	–	36,344,729
Issue of new shares upon				
exercise of share options	<i>a</i>	40,400,000	–	808,000
Issue of shares for cash by placing	<i>b</i>	145,300,000	–	2,906,000
Consolidation of shares (5 into 1)	<i>c</i>	<u>(2,002,936,430)</u>	<u>400,587,286</u>	<u>–</u>
Issue of shares for cash by placing	<i>d</i>	–	80,000,000	8,000,000
Issue of new shares upon exercise				
of share options	<i>e</i>	<u>–</u>	<u>35,920,000</u>	<u>3,592,000</u>
At 30 June 2008		<u>–</u>	<u>516,507,286</u>	<u>51,650,729</u>

During the Period, the movements in the Company's share capital are as follows:

- (a) On 4 January 2008, 40,400,000 new shares of HK\$0.02 each were issued to the Company's directors at HK\$0.0916 per share by exercising their share options.

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- (b) On 21 January 2008, the Company had issued and allotted 145,300,000 new shares of HK\$0.02 each at HK\$0.091 by placing.
- (c) On 26 February 2008, every 5 shares in the existing shares of the Company of HK\$0.02 each were consolidated into 1 consolidated share of HK\$0.1 each.
- (d) On 22 April 2008, the Company had issued and allotted 80,000,000 new shares of HK\$0.1 each at HK\$0.22 by placing.
- (e) On 28 April 2008, 35,920,000 shares of HK\$0.1 each were issued to the Company's directors, employees and investee companies' employees respectively at HK\$0.2252 per share by exercising their share options.

14. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the Period which were carried out in the normal course of the Group's business:

Name of related party	Nature of transaction	(Unaudited) For the six months ended 30 June	
		2008 HK\$	2007 HK\$
CU Investment Management Limited (<i>Note</i>)	Investment management fee	336,000	408,000

Note: On 3 November 2003, the Company and CU Investment Management Limited ("CUIM") entered into an investment management agreement for appointing CUIM as investment manager of the Group for a term of three years commencing on 3 November 2003. On 16 November 2005, the Company and CUIM entered into a supplemental investment management agreement for agreeing to reduce the investment management fee to HK\$80,000 per month with effect from 1 January 2006. The fixed charge per month was revised to HK\$68,000 and HK\$50,000 effective from 1 January 2007 and 1 March 2008 respectively.

15. COMMITMENTS

At 30 June 2008, the Group had lease commitments for future minimum lease payments under non-cancellable operating lease in respect of land and buildings falling due as follows:

	(Unaudited)	(Audited)
	At 30 June	At 31 December
	2008	2007
	HK\$	HK\$
Within one year	324,000	190,000
In the second to fifth years inclusive	189,000	–
	513,000	190,000

16. PLEDGE OF ASSETS

At the balance sheet date, certain financial assets held by the Group with aggregate net book value of HK\$179,374,874 (31 December 2007: HK\$474,867,871) were pledged to brokers to secure margin financing provided to the Group.

17. COMPARATIVE AMOUNTS

Certain gains or losses from financial assets previously classified as turnover are reclassified and separately disclosed in the income statement in order to better reflect their nature and conform with current period's presentation.

INDEPENDENT REVIEW REPORT

恒健會計師行
HLM & Co.
Certified Public Accountants

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To the Board of Directors of
Radford Capital Investment Limited 萊福資本投資有限公司
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 7 to 17 which comprises the interim condensed consolidated balance sheet of Radford Capital Investment Limited as at 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34.

It is our responsibility to form an independent conclusion, based on our review, on this interim financial information, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on this interim financial information.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements is not prepared, in all material respects, in accordance with HKAS 34.

HLM & Co.

Certified Public Accountants

Hong Kong, 19 September 2008