NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

The following new standards and interpretations which are relevant to the Group's operations have been issued and effective as at the time of preparing this information:

HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS-Int 4	Determining whether an Arrangement contains a Lease

The adoption of such standards or interpretations did not result in substantial changes to the Group's accounting policies.

The following new standards and interpretations which are relevant to the Group's operations have been issued but not effective for 2006 and have not been early adopted:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise bank loans and overdrafts, other interest-bearing loans, finance leases, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group does not have any written risk management policies and guidelines. The Directors monitor the financial risk of the Group and take such measures as considered necessary from time to time to minimise such financial risks.

The Group's activities are exposed to the following risks:

(a) Fair value and cash flow interest rate risks
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations with floating interest rates.

(b) Foreign currency risk
Most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, and the Group conducted its business transactions principally in Hong Kong dollars. The exchange rate risk of the Group is not significant.

(c) Credit risk
Trade debtors of the Group are managed in accordance with the credit policies. The credit risk of the Group is not significant.

(d) Liquidity risk
The Group's objective is to maintain a balance between the continuity of funding and the flexibility through the use of bank overdrafts and bank loans.

3. 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 Group 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill
The Group tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4. SEGMENT INFORMATION

Segment information about the Group's continuing operations is presented below. Segment information about the Group's discontinued operation is presented in note 8.

	Segment turnover Six months ended 30 June		Segment results Six months ended 30 June	
	2006	2005	**2006**	2005
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Property investment	**454**	552	**6,563**	6,375
Trading of jewellery	**–**	3,652	**(562)**	(10,571)
Trading of steel	**–**	86,597	**–**	1,585
Trading of wine	**1,480**	967	**(98)**	(405)
Artwork design	**–**	1,092	**(1,816)**	(12,767)
Trading of other products	**–**	28	**(49)**	(10,702)
Japanese restaurant	**7,955**	2,538	**524**	201
Trading of glass eel	**25,148**	–	**877**	–
	35,037	95,426	**5,439**	(26,284)
Unallocated income			**231**	3,360
Unallocated expenses			**(4,501)**	(9,275)
Profit/(loss) from operating activities			**1,169**	(32,199)

5. OTHER REVENUE AND GAINS

	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited) (Restated)
	HK'000	*HK'000*
Other revenue		
Bank interest income	**97**	12
Dividend income	**3**	280
Others	**203**	1,906
	303	2,198
Gains		
Gain on disposal of investment properties	**–**	6,184
Gain on disposal of short term investments	**227**	188
Gain on disposal of subsidiaries	**–**	2,804
Fair value changes of investment properties	**(217)**	1,865
Negative goodwill arising on acquisition of subsidiaries	**6,600**	–
	6,610	11,041
	6,913	13,239

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities was determined after charging:

	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**437**	1,223
Loss on disposal of property, plant and equipment		
- Continuing operations	**1,728**	–
- Discontinued operation	**–**	3
	1,728	3

7. TAX

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits for the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profits tax		
Hong Kong Profits Tax	**1,721**	(64)
Deferred taxation	**(149)**	1,018
	1,572	954

8. DISCONTINUED OPERATION

On 30 May 2006, the Group disposed of its entire 100% interest in Profit Team Consultants Limited and its subsidiaries (the "Profit Team Group") and the shareholder's loan due from Profit Team Group at a consideration of HK$2. Profit Team Group principally engaged in skin and health care business.

The profit/(loss) from discontinued operation is analysed as follows:

	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
Loss of skin and health care operation for the Period	**(27)**	(21,332)
Gain on disposal of skin and health care operation *(see note 11)*	**11,160**	–
	11,133	(21,332)

8. DISCONTINUED OPERATION *(continued)*

The results of the skin and health care operation for the period from 1 January 2006 to 30 May 2006 are as follows:

	Period ended 30.5.2006 (Unaudited)	Period ended 30.6.2005 (Unaudited) (Restated)
	HK$'000	*HK$'000*
Turnover	**–**	156
Cost of sales	**–**	(203)
Gross profit	**–**	(47)
Other revenue	**19**	167
Operating expenses	**(46)**	(222)
	(27)	(102)
Impairment of goodwill	**–**	(21,230)
	(27)	(21,332)
Net cash (used in)/generated from operating activities	**(68)**	263
Net cash generated from investing activities	**–**	3
Net cash generated from/(used in) financing activities	**64**	(230)
Total cash (outflow)/inflow	**(4)**	36

The carrying amounts of the assets and liabilities of Profit Team Group at the date of disposal are disclosed in note 11.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the unaudited net profit/(loss) from ordinary activities attributable to shareholders of HK$10,350,000 (2005: Loss of HK$56,794,000) and the weighted average number of 7,642,568,583 (2005: 13,098,503,309) ordinary shares in issue during the Period, as adjusted to reflect the exercise of share options.

Diluted earnings/(loss) per share is not presented as there were no dilutive potential shares in issue during the six-month periods ended 30 June 2005 and 30 June 2006.

10. ACQUISITIONS OF SUBSIDIARIES

During the Period, the Group acquired 100% of the issued share capital of State Empire Limited.

The following summarises the effect of the acquisition:

	Carrying amount	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Investment properties	112,000	8,000	120,000
Property, plant and equipment	7	–	7
Utility deposits and other receivables	1,750	–	1,750
Bank balances and cash	2,502	–	2,502
Accrued liabilities and other payables	(1,986)	–	(1,986)
Deferred tax	(12,226)	(1,400)	(13,626)
	102,047	6,600	108,647
Negative goodwill arising on acquisition			(6,600)
Total consideration, satisfied by cash			102,047

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	(102,047)
Cash and bank balances acquired	2,502
	(99,545)

11. DISPOSAL OF SUBSIDIARIES

As explained in note 8, on 30 May 2006, the Group discontinued its skin and health care operation at the time of the disposal of Profit Team Group.

The net liabilities of Profit Team Group at the date of disposal and as at 31 December 2005 are as follows:

	30.5.2006	31.12.2005
	HK$'000	*HK$'000*
Other receivables	**48**	48
Bank and cash balances	**2**	6
Accounts payable	**(4,278)**	(4,278)
Other payable and accruals	**(6,320)**	(6,353)
Amount due to fellow subsidiaries and holding company	**(12,487)**	(12,431)
Tax payable	**(23)**	(23)
	(23,058)	(23,031)
Assignment of amount due from subsidiaries	**11,898**	
	(11,160)	
Gain on disposal	**11,160**	
Total consideration	**–**	

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	–
Cash and bank balance disposed	(2)
	(2)

12. CAPITAL EXPENDITURE

The movements in investment properties and property, plant and equipment during the Period were summarised as follows:

	Investment properties (Unaudited)	**Property, plant and equipment (Unaudited)**
	HK$'000	***HK$'000***
Net book value as at 1 January 2006	33,170	3,956
Additions	4,207	658
Acquired on acquisition of subsidiaries	120,000	7
Fair value changes of investment properties	(217)	–
Disposal	(8,780)	(2,777)
Depreciation	–	(437)
Net book value as at 30 June 2006	148,380	1,407

Investment properties were revalued on 30 June 2006 by an independent firm of surveyors, Dudley Surveyors Limited, on an open market value basis.

13. TRADE RECEIVABLES

Trading terms with customers are largely on credit and credit periods range from 30 days to 150 days. Overdue balances are regularly reviewed by senior management.

The following is an aging analysis of trade receivables, net of provisions, at the balance sheet date based on the invoice date, which is when the goods are delivered and services are rendered.

	30 June 2006 (Unaudited) ***HK$'000***	31 December 2005 (Audited) *HK$'000*
Current to 3 months	**920**	3,781
3 to 6 months	**4**	72
Over 6 months	**–**	107
	924	3,960

14. TRADE PAYABLES

The following is an aging analysis of trade payables at the balance sheet date based on the date of the goods purchased and services rendered.

	30 June 2006 (Unaudited) ***HK$'000***	31 December 2005 (Audited) *HK$'000*
Current to 3 months	**1,382**	1,003
3 to 6 months	**104**	439
Over 6 months	**1,655**	5,841
	3,141	7,283

15. SHARE CAPITAL

	30 June 2006 (Unaudited) ***HK$'000***	31 December 2005 (Audited) *HK$'000*
Authorised:		
250,000,000,000 ordinary shares of HK$0.001 each (2005: 25,000,000,000 ordinary shares of HK$0.01 each)	**250,000**	250,000
500 convertible preference shares of HK$100,000 each (2005: 50 convertible perference shares of HK$1,000,000 each)	**50,000**	50,000
Issued and fully paid:		
4,080,545,466 ordinary shares of HK$0.001 each (2005: 13,601,818,226 ordinary shares of HK$0.01 each)	**4,081**	136,018

During the Period, the following movements in the Company's share capital were recorded:

(a) By a special resolution passed by the shareholders of the Company on 20 March 2006, the share capital of the Company reorganised as follows with effect from 20 March 2006:

(i) cancelled paid up capital to the extent of HK$0.0099 on each ordinary share of the Company so that the nominal value of each issued share was reduced from HK$0.01 to HK$0.0001 ("Capital Reduction");

15. **SHARE CAPITAL** *(continued)*

(ii) subdivided each of the authorised but unissued share of HK$0.01 into 100 ordinary shares of nominal value of HK$0.0001 each;

(iii) subdivided each of the authorised but unissued convertible preference share of the Company of HK$1,000,000 each into 100 convertible preference shares of nominal value of HK$10,000 each;

(iv) cancelled the entire amount standing to the credit of the share premium account of the Company as at 20 March 2006 ("Share Premium Reduction"); and

(v) transferred the credit arising from the Share Premium Reduction and the Capital Reduction to the contributed surplus account of the Company and applied the amount therein to set off against the Company's accumulated losses of HK$688,054,000 in accordance with the applicable laws, including the laws of Bermuda and the bye-laws of the Company.

(b) By an ordinary resolution passed by the shareholders of the Company on 20 March 2006, every 10 of the ordinary shares of the Company (both issued and unissued) of HK$0.0001 each were consolidated into one new share of HK$0.001 each and every 10 of the convertible preference shares of the Company of HK$10,000 each were consolidated into one new convertible perference share of HK$100,000 each ("Share Consolidation").

(c) On 25 April 2006, 2,720,363,644 ordinary shares ("Offer Shares") of HK$0.001 were issued at the price of HK$0.01 per share by way of open offer ("Open Offer") to the shareholders of the Company. The Offer Shares rank pari passu in all respects with the existing shares of the Company. The premium arose from the issue of the Offer Shares of approximately HK$24,483,000, net of share issuing expenses of approximately HK$1,212,000, was credited to the share premium account. The Company used the net proceeds from the Open Offer of approximately HK$25,992,000 for the Group's general working capital and settlement of consideration for acquisition of State Empire Limited.

A summary of the movements in the Company's share capital is presented as follows:

	Number of shares	*HK'000*
At 1 January 2006	13,601,818,226	136,018
Capital Reduction	–	(134,658)
	13,601,818,226	1,360
Share Consolidation	1,360,181,822	1,360
Open Offer	2,720,363,644	2,721
At 30 June 2006	4,080,545,466	4,081

16. **LEASE COMMITMENTS**

(a) As lessor

The Group leases its investment properties under operating lease arrangements with leases negotiated for terms of two years. The terms of the leases generally also require the tenants to pay security deposits.

As at 30 June 2006, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2006 (Unaudited) ***HK$'000***	31 December 2005 (Audited) *HK$'000*
Within one year	**4,535**	288
In the second to fifth years, inclusive	**1,578**	7
	6,113	295

16. LEASE COMMITMENTS *(continued)*

(b) As lessee

The Group leases certain properties under operating lease arrangements. These leases are negotiated for terms ranging from one to two years.

As at 30 June 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2006 (Unaudited) ***HK\$'000***	31 December 2005 (Audited) *HK\$'000*
Within one year	**2,075**	725
In the second to fifth years, inclusive	**2,034**	–
	4,109	725

17. RELATED PARTY TRANSACTIONS

(a) During the Period, an aggregate amount of HK\$1,066,500 had been advanced to a wholly-owned subsidiary of the Company by the Directors in respect of expenditure incurred by the wholly-owned subsidiary. Such advances are unsecured, interest free and have no fixed repayment terms. As at 30 June 2006, such amounts remained unpaid and were included in accrued liabilities and other payables in the consolidated balance sheet.

The aforesaid directors had resigned as directors of the Company with effect from 1 June 2006.

(b) During the Period, amount of HK\$51,000,000 had been advanced to the Company by Byford Group Limited in respect of the acquisition of 100% equity interest of State Empire Limited. Such advance is unsecured, interest free and has no fixed repayment terms. As at 30 June 2006, such amount remained unpaid and was included in accrued liabilities and other payables in the consolidated balance sheet.

Byford Group Limited had become a substantial shareholder of the Company on 9 August 2006 and was interested in 16.17% of the then issued share capital of the Company.

18. POST BALANCE SHEET EVENTS

(a) The Directors were informed by a non-wholly owned subsidiary of the Company that it had on 24 August 2006 agreed with the mortgagee bank of certain investment properties of the Group of an aggregate value of HK\$6,500,000 that the bank would exercise its power of sale to dispose of the properties for settlement of outstanding indebtedness of that subsidiary. Provisional sale and purchase agreements were entered into subsequently. The Directors were not informed of the arrangement in advance while the Directors were still seeking opportunities to dispose of the properties. The Directors will liaise with the necessary parties for further information and will investigate into the matter.

(b) On 16 September 2006, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of the Right Emperor Commercial Building at a consideration of HK\$159,800,000. The estimated profit on disposal before expenses was approximately HK\$39,800,000.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with current Period's presentation.

20. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the board of directors on 20 September 2006.