

NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis as modified for revaluation of certain financial assets and liabilities.

The significant accounting policies used in the preparation of the Interim Financial Statements for the six months ended 30 June 2006 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net investment in a Foreign Operation
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 6	Exploration for and Evaluation of Mineral Resources
HK(IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease
HK(IFRIC)-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The adoption of these HKFRSs will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments-Disclosures ¹
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – Int 8	Scope of HKFRS 2 ³
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

3. REVENUE

Revenue, which is also the Group's turnover, recognised during the period is as follows:

	Six months ended 30 June 2006 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000
Bank interest income	322	154
Dividend income	42	42
	364	196

4. SEGMENT INFORMATION

The Group is principally engaged in investment in listed and unlisted companies. Accordingly, no further analysis by business segment is provided. In determining the Group's geographical segments, revenue and assets are attributed to the segments based on the location of assets.

The following tables present revenue and assets of the Group's geographical segments:

	Hong Kong		The PRC		Consolidated	
	Six months ended 30 June 2006 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2006 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000	Six months ended 30 June 2006 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000
Segment revenue	364	196	–	–	364	196

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)**4. SEGMENT INFORMATION** (continued)

	Hong Kong		The PRC		Consolidated	
	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Segment assets	<u>29,091</u>	<u>30,436</u>	<u>9,920</u>	<u>9,920</u>	<u>39,011</u>	<u>40,356</u>

5. LOSS BEFORE INCOME TAX

Six months ended 30 June 2006 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000
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Loss before income tax is arrived at after charging:

Staff costs (excluding directors' remuneration):

Wages	150	129
Retirement benefits scheme contributions	<u>8</u>	<u>6</u>
	158	135
Operating lease charges in respect of land and buildings	<u>75</u>	<u>56</u>

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements as the companies within the Group did not derive any assessable profits for the Period (2005: Nil).

No provision for deferred tax had been made as the Group did not have any significant unprovided deferred tax in respect of the Period (2005: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the current period's loss attributable to equity holders of approximately HK\$1,677,000 (2005: HK\$13,722,000) and the 105,420,000 (2005: 105,420,000) ordinary shares in issue.

Diluted loss per share for each of the six months ended 30 June 2006 and 30 June 2005 had not been disclosed as no diluting events existed during these periods.

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Unlisted equity securities outside Hong Kong, at cost	34,027	34,027
Impairment loss	<u>(25,877)</u>	<u>(25,877)</u>
	<u>8,150</u>	<u>8,150</u>

9. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Listed equity securities in Hong Kong, at market value	<u>8,797</u>	<u>6,372</u>
Fair value loss on Hang Seng Index futures contracts	<u>—</u>	<u>(23)</u>

The above financial assets and liabilities are classified as held for trading.

10. CONTINGENT LIABILITIES

At the balance sheet date, the Group had no significant contingent liabilities.

11. COMMITMENTS

At the balance sheet date, the Group had no significant commitments.

12. RELATED PARTY AND CONNECTED TRANSACTIONS

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

	<i>Notes</i>	Six months ended 30 June 2006 (Unaudited) HK\$'000	Six months ended 30 June 2005 (Unaudited) HK\$'000
Investment management fee paid/payable to Golden Honour Assets Management Limited	<i>(i)</i>	557	788
Rental expenses paid to Ceres Capital Limited	<i>(ii)</i>	<u>75</u>	<u>51</u>

NOTES TO INTERIM FINANCIAL STATEMENTS (Continued)**12. RELATED PARTY AND CONNECTED TRANSACTIONS** (continued)*Notes:*

- (i) Pursuant to the investment management agreement dated 7 October 2002 (the "Investment Management Agreement") entered into between the Company and Golden Honour Assets Management Limited (the "Investment Manager"), the Investment Manager has agreed to provide the Company with investment management services (excluding general administrative services) for a three-year period commencing on 28 October 2002, the date of the commencement of the trading of the Company's shares on the Stock Exchange. The Investment Management Agreement will continue for successive periods of three years, unless terminated at any time by either the Company or the Investment Manager serving not less than six month's notice in writing to the other party, and will expire on the last day of the three-year period or any of the relevant successive periods.

Under the Investment Management Agreement, the Investment Manager is entitled to a monthly management fee equivalent to 2.5% per annum of the net asset value of the Company as at the last dealing day on the Stock Exchange in each calendar month (or such other dealing day as considered appropriate by the Board for the purpose of calculating the net asset value of the Company), calculated on the basis of the actual number of days in the relevant calendar month over a year of 365 days. In addition, the Investment Manager is also entitled to an annual incentive fee equivalent to 15% of the surplus in the net asset value of the Company over a financial year or period.

Mr. Francis J. Chang Chu Fai ("Mr. Chang") and Mr. Lim Siang Kai, executive Directors of the Company, each has a 15% equity interest in the Investment Manager. Mr. See Lee Seng, Reason, an executive Director of the Company, has a 35% equity interest in the Investment Manager and is one of the directors of the Investment Manager.

- (ii) Pursuant to the sub-tenancy agreement dated 10 June 2003 entered into between the Company and Ceres Capital Limited ("Ceres"), the Company agreed to sublet its office premises from Ceres, which is owned as to approximately 33% by Mr. Chang, for a period commencing from 1 July 2003 to 30 June 2005 (both dates inclusive) at HK\$8,500 per month, with a rent free period of one month in May 2004.

Pursuant to a board of directors' resolution passed on 28 June 2005, the Company will continue to sublet its office premises from Ceres from 1 July 2005 at HK\$12,318 per month. As at the date of these financial statements, no new sub-tenancy agreement was signed between the Company and Ceres.

The related party transactions set out above also constitute connected transactions under the Listing Rules.