for the year ended 31st December, 2006

1. GENERAL

Harmony Asset Limited is incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Room 1101, St. George's Building, 2 Ice House Street, Central, Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 12.

The Company's consolidated financial statements up to 31st December, 2005 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). With effect from this financial year, the Company decided to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and convert the comparative financial information for the year ended 31st December, 2005 to be in accordance with IFRS.

The Group is adopting IFRS because it plans to expand its shareholder base from Hong Kong to International. The Group believes the adoption of internationally recognised accounting standards will allow its financial statements to be better understood by its shareholders, the capital markets and the other users globally.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. These consolidated financial statements are the Group's first financial statements prepared in accordance with IFRS.

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for the year ended 31st December, 2006 retrospectively. The Group has applied the exemption for acquisitions of subsidiaries and interests in associates that occurred before 1st January, 2005 which would have been accounted for under IFRS 3 "Business Combinations".

Reconciliations and explanations of the effect of the conversion from HKFRS to IFRS on the Group's equity and its profit are set out in note 27.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention, except that, as disclosed in the accounting policies below, available-for-sale financial assets and financial assets at fair value through profit or loss are stated at fair value. A summary of the significant accounting policies adopted by the Group is set out below:

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to 31st December each year.

The financial statements of subsidiaries are included into the consolidated financial statements from the date that control commences until the date that control ceases.

All intra-group transactions and balances, and any unrealised profit arising from intra-group transactions, are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(c) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from the activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses as set out in Note 2(g) below. The results of subsidiaries are accounted for by the Company to the extent of dividends received and receivable.

for the year ended 31st December, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates

An associate is an entity, in which the Group or the Company has significant influence, but not control or joint control over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in income statement.

In the Company's balance sheet, its investments in associates are stated as cost less impairment losses as stated in Note 2(g) below. The results of associates are accounted for by the Company to the extent of dividends received and receivable.

(e) Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005:

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired associates and subsidiaries at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January, 2001 is capitalised and amortised using the straight-line basis over its estimated useful life of five years. Goodwill on acquisitions that occurred prior to 1st January, 2001 was eliminated against reserves. Any impairment, if any, arising on such goodwill is accounted for in the income statement.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) Goodwill (continued)

Goodwill arising on acquisitions from 1st January, 2005 and onwards:

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment as set out in Note 2(g) below. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in income statement.

On disposal of a cash-generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses as stated in Note 2(g) below. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are normally expensed in income statement in the period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, over their estimated useful lives using the straight-line method. The annual rate used is 20%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. The useful life of an asset and its residual value, if any, are reviewed and adjusted, if appropriate, annually at each balance sheet date.

for the year ended 31st December, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in income statement on the date of retirement or disposal.

(g) Impairment of assets

At each balance sheet date, the Group assesses whether there is any indication that property, plant and equipment, goodwill, investments in subsidiaries and associates have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of the fair value less costs to sell and value in use of an asset. The fair value less costs to sell is the amount that could be obtained from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less the costs of disposal, while value in use is the present value of the future cash flows expected to be derived from an asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset other than goodwill is increased to the revised estimate of its recoverable amount, which is restricted to the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately. An impairment loss in respect of goodwill is not reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income statement.

Financial assets

The Group's financial assets are classified into one of the four categories, comprising financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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

- It forms part of a contract containing one or more embedded derivatives, and International Accounting Standard 39 "Financial Instruments" – recognition and measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

for the year ended 31st December, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

Financial assets (continued)

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts receivable, loans receivable and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The Group did not hold any investments in this category.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Financial instruments** (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in income statement. Any impairment losses on available-for-sale financial assets are recognised in income statement. Impairment losses on available-for-sale equity investments will not reverse in income statement in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

for the year ended 31st December, 2006

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Financial instruments** (continued)

Financial liabilities and equity (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, comprising financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arise. The Group did not have this category of liabilities.

Other financial liabilities

Other financial liabilities (including bank and other borrowings and accounts payable) are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

Convertible bonds issued by the Company or its subsidiaries that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bond equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognised in income statement upon conversion or expiration of the option.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) **Financial instruments** (continued)

Financial liabilities and equity (continued)

Convertible bonds (continued)

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible bonds using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Consideration paid to reacquire the Company's own equity instruments are deducted from equity. No gain or loss is recognised in income statement.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in income statement.

(i) **Income taxes**

Income taxes for the year comprise current tax and movements in deferred tax assets and liabilities. Income taxes are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

for the year ended 31st December, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income taxes (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

for the year ended 31st December, 2006

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(i) **Income taxes** (continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(j) **Translation of foreign currencies**

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

Foreign currency transactions during the year are translated into functional currency at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in income statement.

for the year ended 31st December, 2006

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(j) **Translation of foreign currencies** (continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into functional currency using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into functional currency using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into presentation currency at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into presentation currency at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(k) **Provisions and contingent liabilities**

A provision is recognised when the Group or the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliability, the obligation is disclosed as a contingent liability, unless the possibility of an outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

for the year ended 31st December, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Revenue recognition

Interest income is recognised as it accrues using the effective interest method.

Introductory fee income and income from provision of other services are recognised when the related services are rendered.

Dividend income is recognised when the shareholder's right to receive payment is established.

Gains or losses on sale of investments are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when investments are delivered and title has passed.

(m) Operating leases

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Contingent rentals are charged to income statement in the accounting period in which they are incurred.

(n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plan

Salaries, annual leave and other benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group has only one defined contribution plan and the assets of which are held in separate trustee – administered funds. The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

for the year ended 31st December, 2006

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(n) Employee benefits (continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is measured at grant date using generally accepted option pricing models by taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed, any adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(o) Related parties

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

for the year ended 31st December, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks, and short-terms, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(q) Segment reporting

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

for the year ended 31st December, 2006

3. TURNOVER AND OTHER REVENUE

The Group principally invests in securities listed on the Stock Exchange and unlisted securities, including equity securities, convertible notes issued by corporate entities. Total revenue recognised during the year are as follows:

	2006 HK$	2005 HK$
Turnover:		
Interest income from		
– bank deposits	531,373	140,363
– loans receivable	3,519,867	1,687,112
– convertible notes	93,699	106,301
Dividend income from		
– listed investments	215,642	510,426
– unlisted investments	735,266	1,700,000
	5,095,847	4,144,202
Other revenue:		
Fair value changes on financial assets at fair value through profit or loss	9,522,128	–
Net realised gain on disposal of financial assets at fair value through profit or loss	3,403,625	2,549,622
Exchange gain, net	4,408	–
Reversal of impairment loss on accounts receivable	8,300,000	499,066
Consultancy fee	5,000,000	–
Sundry income	1,780,109	1,700,520
Net realised gain on disposal of available-for-sale financial assets	–	290,331
Dividend forfeited	–	301,595
Introductory fee	–	41,277,880
	28,010,270	46,619,014
Total revenue	33,106,117	50,763,216

No analysis of the Group's turnover and contribution to operating profit for the year set out by principal activities and geographical markets is provided as the Group has only one single business segment, investment holding, and less than 10% of the consolidated turnover, results and assets of the Group are attributable to markets outside Hong Kong.

for the year ended 31st December, 2006

4. OPERATING PROFIT

Operating profit has been arrived at after charging the following:

	2006 HK$	2005 HK$
Auditors' remuneration	885,000	300,000
Management fees (Note 24)	2,657,352	2,205,760
Incentive fee (Note 24)	1,187,254	1,400,508
Pension costs – contributions to defined contribution plan*	58,943	54,703
Operating lease in respect of land and buildings	1,342,966	1,275,193
Equity-settled share-based payment expenses	908,000	–

* There was no forfeited contribution in respect of the defined contribution plan available at 31st December, 2006 to reduce future contributions (2005: Nil). There was no outstanding contributions to the plan at 31st December, 2006 (2005: Nil).

5. FINANCE COSTS

	2006 HK$	2005 HK$
Bank charges	2,509	2,792
Interest on loans wholly repayable within one year	138,515	449,589
Interest on convertible bond	–	186,740
	141,024	639,121

for the year ended 31st December, 2006

6. INCOME TAX EXPENSES

(a) Provision for Hong Kong Profits Tax for the year amounting to HK$114,466 (2005: Nil) has been made at 17.5% of the Group's estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made for the year ended 31st December, 2005 as the Group had no assessable profit for that year.

(b) Reconciliation between tax expense and the Group's accounting profit at applicable tax rates is set out below:

	2006 HK$	2005 HK$
Profit before income tax	10,799,748	21,561,356
Notional tax on profit before taxation, calculated at Hong Kong Profits Tax rate of 17.5% (2005: 17.5%)	1,889,956	3,773,237
Tax effect of income not taxable for tax purpose	(3,097,744)	(7,975,660)
Tax effect of expenses not deductible for tax purpose	2,862,425	2,616,780
Utilisation of tax losses previously not recognised	(1,597,811)	(175,532)
Tax effect of tax losses not recognised	47,207	393,911
Other temporary differences not recognised	10,433	1,367,264
Actual income tax expenses	114,466	–

(c) At the balance sheet date, the Group had unutilised tax losses of HK$13,383,630 (2005: HK$22,244,223) available for offsetting against future assessable profits. However, no deferred tax asset in respect of the tax losses has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

There was no other material unrecognised deferred taxation at the balance sheet date.

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7. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Fees HK$	Salaries, allowances and benefits in kind HK$	Contributions to pension scheme HK$	Share based payments *(Note iii)* HK$	2006 Total HK$
Executive directors:					
Lee Fong Lit David	–	–	–	25,000	25,000
Chow Pok Yu Augustine	25,000	–	–	25,000	50,000
Lam Andy Siu Wing, JP	–	526,000	22,200	261,000	809,200
Chan Shuen Chuen Joseph*	–	–	–	–	–
Independent non-executive directors:					
Tong Kim Weng Kelly	25,000	–	–	25,000	50,000
Ho Man Kai Anthony	25,000	–	–	25,000	50,000
Wong Yun Kuen	25,000	–	–	25,000	50,000
	100,000	526,000	22,200	386,000	1,034,200

	Fees HK$	Salaries, allowances and benefits in kind HK$	Contributions to pension scheme HK$	Share based payments HK$	2005 Total HK$
Executive directors:					
Lee Fong Lit David	–	–	–	–	–
Chow Pok Yu Augustine	20,000	–	–	–	20,000
Lam Andy Siu Wing, JP	–	500,000	21,000	–	521,000
Independent non-executive directors:					
Tong Kim Weng Kelly	20,000	–	–	–	20,000
Ho Man Kai Anthony	20,000	–	–	–	20,000
Wong Yun Kuen	20,000	–	–	–	20,000
	80,000	500,000	21,000	–	601,000

* Mr. Chan Shuen Chuen Joseph was appointed as an executive director on 29th December, 2006.

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7. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: (continued)

Note:

(i) There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(ii) In addition to the directors' emoluments disclosed above, Dr. Chow Pok Yu Augustine received emoluments from a related company, namely Harmony Asset Management Limited, which amounted to HK$1,040,000 (2005: HK$1,040,000), in respect of his services provided to the Company and its subsidiaries.

(iii) These represent the estimated value of 2,160,000 share options granted to six directors on 17th January, 2006. After the effect of share consolidation as mentioned in Note 20(a), the number of share options had been changed from 2,160,000 to 432,000. As at 31st December, 2006, no share option has been exercised by the Company's directors. Details of the share options granted are set out in Note 20(d) to the financial statements.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2005: one) director whose emoluments are disclosed in Note 7(a) above. The emoluments payable to the remaining four (2005: four) individuals during the year are as follows:

	2006 HK$	2005 HK$
Basic salaries, other allowances and benefits in kind	1,132,553	1,078,900
Contributions to a pension scheme	52,861	50,478
Share-based payments	522,000	–
	1,707,414	1,129,378

Note: The emoluments of the four (2005: four) individuals with the highest emoluments are within the band from HK$Nil to HK$1,000,000.

8. PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$6,011,092 (2005: HK$954,319) which has been dealt with in the financial statements of the Company.

9. PROPOSED DIVIDEND

	2006 HK$	2005 HK$
Proposed dividend of HK15 cents per share (2005: HK15 cents per share)	4,383,071	4,383,071

The Board of Directors (the "Board") has recommended a dividend out of the share premium account of the Company of HK15 cents per share (2005: HK15 cents per share after adjustment for the 5-for-1 share consolidation which took place on 14th December, 2006) in respect of the year ended 31st December, 2006, totaling not less than HK$4,383,071 (2005: HK$4,383,071) which is subject to the approval of shareholders at the forthcoming annual general meeting to be held on 22nd June, 2007 and compliance with the Companies Law of the Cayman Islands.

If approved, the said dividend will be paid on or about 29th June, 2007 to shareholders whose names appear on the register of members of the Company at the close of business on 22nd June, 2007.

The dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK$10,685,282 (2005: HK$21,561,356) and on the weighted average of 29,220,474 (2005: 28,248,474) ordinary shares in issue during the year which have been adjusted for the 5-for-1 share consolidation which took place on 14th December, 2006.

for the year ended 31st December, 2006

10. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year is based on the Group's profit attributable to shareholders of the Company and the weighted average number of ordinary shares of 29,483,310, calculated as follows:

	Number of shares
Weighted average number of ordinary shares for the year ended 31st December, 2006	29,220,474
Effect of deemed issue of shares under the Company's share option scheme	262,836
Weighted average number of ordinary shares (diluted) for the year ended 31st December, 2006	29,483,310

No diluted earnings per share for the year ended 31st December, 2005 is presented as there is no dilutive potential ordinary share for that year.

for the year ended 31st December, 2006

11. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicle	Total
	HK$	HK$	HK$	HK$	HK$
Cost					
At 1st January, 2005	1,279,629	394,182	398,611	528,200	2,600,622
Additions	–	6,049	4,635	–	10,684
At 31st December, 2005	1,279,629	400,231	403,246	528,200	2,611,306
Additions	–	27,813	–	–	27,813
At 31st December, 2006	1,279,629	428,044	403,246	528,200	2,639,119
Accumulated depreciation					
At 1st January, 2005	689,268	359,743	309,941	290,510	1,649,462
Provided for the year	170,074	11,912	21,043	105,640	308,669
At 31st December, 2005	859,342	371,655	330,984	396,150	1,958,131
Provided for the year	170,075	13,451	21,030	105,640	310,196
At 31st December, 2006	1,029,417	385,106	352,014	501,790	2,268,327
Carrying amount					
At 31st December, 2006	250,212	42,938	51,232	26,410	370,792
At 31st December, 2005	420,287	28,576	72,262	132,050	653,175

for the year ended 31st December, 2006

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Company				
	Leasehold improvements	Office equipment	Furniture and fixtures	Motor vehicle	Total
	HK$	HK$	HK$	HK$	HK$
Cost					
At 1st January, 2005	861,496	360,777	398,611	528,200	2,149,084
Additions	–	6,049	4,635	–	10,684
At 31st December, 2005	861,496	366,826	403,246	528,200	2,159,768
Additions	–	27,813	–	–	27,813
At 31st December, 2006	861,496	394,639	403,246	528,200	2,187,581
Accumulated depreciation					
At 1st January, 2005	510,068	327,029	309,941	290,510	1,437,548
Provided for the year	80,474	11,222	21,043	105,640	218,379
At 31st December, 2005	590,542	338,251	330,984	396,150	1,655,927
Provided for the year	80,475	13,451	21,030	105,640	220,596
At 31st December, 2006	671,017	351,702	352,014	501,790	1,876,523
Carrying amount					
At 31st December, 2006	190,479	42,937	51,232	26,410	311,058
At 31st December, 2005	270,954	28,575	72,262	132,050	503,841

12. INTERESTS IN SUBSIDIARIES

	2006 HK$	2005 HK$
Unlisted shares, at cost	16,718,590	16,718,590
Impairment loss on investments in subsidiaries	(16,718,588)	(16,718,588)
	2	2
Amounts due from subsidiaries (Note a)	155,717,710	166,742,914
Impairment loss on amounts due from subsidiaries	(37,374,728)	(37,374,728)
	118,342,982	129,368,186
	118,342,984	129,368,188

Note:

(a) Included in amounts due from subsidiaries are advances of HK$40,016,124 (2005: HK$16,303,915) made to a subsidiary which are unsecured, interest-bearing at annual rates ranging from 1% to 10% (2005: 1% to 10%) and are not expected to be realised within one year from the balance sheet date. The remaining balances are unsecured, interest free and not expected to be realised within one year from the balance sheet date.

(b) The following is a list of subsidiaries at 31st December, 2006:

Name of subsidiary	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held
Plowright Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%*
Powercell Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Quickrise Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Multiple Asset Limited	Hong Kong	Inactive	2 ordinary shares of HK$1 each	100%*

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12. INTERESTS IN SUBSIDIARIES (continued)

(b) The following is a list of subsidiaries at 31st December, 2006: (continued)

Name of subsidiary	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held
Wingo Venture Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
IT Star Holdings Limited	Cayman Islands	Investment holding in Hong Kong	1 ordinary share of HK$0.1	100%*
IT Star Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Wintech Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Marrick Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Wayfairer Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Datacom Venture Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
Gwynneth Gold Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%

12. INTERESTS IN SUBSIDIARIES (continued)

(b) The following is a list of subsidiaries at 31st December, 2006: (continued)

Name of subsidiary	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital	Interest held
Goal Vision Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%
IT Technology Centre Limited	Hong Kong	Operation of an incubation centre in Hong Kong	2 ordinary shares of HK$1 each	100%
Techlink Venture Limited	British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US$1	100%

* Shares held directly by the Company

None of the subsidiaries issued any debt securities at the end of the year.

13. INTERESTS IN ASSOCIATES

	Group 2006 HK$	Group 2005 HK$
Share of net assets *(Note a)*	–	–

Note:

(a) Details of the associates at 31st December, 2006 are as follows:

Name of associate	Place of incorporation	Principal activities and place of operation	Particulars of issued share capital held	Interest held
Eclipse Investment Holdings Limited	British Virgin Islands	Investment holding in Hong Kong	2,730,000 ordinary shares of HK$1 each	35%
Lastminute Limited	Hong Kong	Provision of traveling agency services in Hong Kong	10,000 ordinary shares of HK$1 each	35%

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13. INTERESTS IN ASSOCIATES (continued)

Note: (continued)

Summary of unaudited financial information on associates:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenue HK$'000	Profit/(loss) for the year HK$'000
2006					
100 per cent	4,170	(6,419)	(2,249)	39,603	(225)
Group's effective interest	1,460	(2,247)	(787)	13,861	(79)
2005					
100 per cent	3,876	(6,240)	(2,364)	33,162	166
Group's effective interest	1,357	(2,184)	(827)	11,607	58

The Group has not recognised its associates' loss for current year of approximately HK$79,000 (2005: profit of HK$58,000). The accumulated losses not recognised at 31st December, 2006 were approximately HK$511,000 (2005: HK$432,000).

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2006 HK$	2005 HK$	2006 HK$	2005 HK$
Unlisted equity securities at fair value *(Note a)*	31,020,474	14,885,160	–	–
Equity securities listed outside Hong Kong at fair value *(Note a and b)*	4,680,000	89,228	–	–
Deposits for investments at cost *(Note c)*	5,028,099	20,861,024	4,278,100	15,540,124
Club debentures at fair value	2,500,000	1,930,000	2,500,000	1,930,000
	43,228,573	37,765,412	6,778,100	17,470,124
Market value of equity securities listed outside Hong Kong	4,680,000	89,228	–	–

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Note:

(a) As at 31st December, 2006, details of major available-for-sale financial assets are as follows:

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Investment cost and advances thereto	Fair value of investment and advances	Dividend income received during the year	Dividend cover	Net assets attributable to the investment	Fair value changes on investment recognised in the financial statements	Impairment loss on investment recognised in the financial statements	Principal activities
			HK$'000	HK$'000	HK$'000	%	HK$'000	HK$'000	HK$'000	
Capital Venture Limited	Hong Kong	26%	9,785	9,265	–	–	–	–	(520)	Provision of property investment and financing services
Chief Finance Limited	Hong Kong	26%	15,039	12,439	–	–	–	–	(2,600)	Provision of commercial financing services
Fullpower Holdings Limited	British Virgin Islands	35%	10,338	8,588	–	–	–	–	(1,750)	Investment holding
Yeelong Enterprises Limited	Hong Kong	35%	4,274	2,088	–	–	2,088	(1,326)	(860)	Investment holding
Waltin (HK) Limited	Hong Kong	20%	9,483	9,480	–	–	–	(3)	–	Investment holding
One. Tel Holdings Limited	British Virgin Islands	20%	4,000	6,029	–	–	5,269	2,029	–	Investment holding
Green Centre Limited	Hong Kong	30%	24,319	24,316	–	–	–	(3)	–	Investment holding
Prosperity Material International Limited	Hong Kong	5%	9,000	9,000	–	–	9,000	–	–	Trading of cements, iron cores and logs
Chinese Worldnetcom Inc.	Cayman Islands	7.32%	2,044	4,680	–	–	4,680	2,636	–	Provision for financial information services

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14. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Note: (continued)

The equity investments in the above companies with interests being held at 20% or more are not classified as investments in associates as the Group does not participate in their operations and has no significant influence over their management.

(b) In the opinion of the directors, the listed equity securities are not held for trading. Such investments are classified as available-for-sale financial assets and stated at fair value.

(c) The deposits for investments are interest free and placed with the agent or investee companies for conversion to respective unlisted equity interests in the near future.

15. LOANS AND RECEIVABLES

	Group	
	2006 HK$	2005 HK$
Loans to investee companies *(Note a)*	61,474,285	71,376,496
Loan to an investee company *(Note b)*	24,316,124	–
Less: Impairment losses	(14,256,652)	(15,686,277)
	71,533,757	55,690,219

Note:

(a) The loans to investee companies are unsecured, interest free and not expected to be realised within one year from the balance sheet date.

(b) The loan to an investee company is unsecured with interest-bearing at annual fixed rate of 6% and is not expected to be realised within one year from the balance sheet date.

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16. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Group		Company	
	2006 HK$	2005 HK$	2006 HK$	2005 HK$
Accounts receivable	6,471,880	43,322,685	6,190,090	1,215,360
Loans receivable, secured *(Note a)*	8,000,000	13,700,000	–	–
Interests receivable	2,547,148	678,498	–	–
Other receivables	8,000	249,589	–	–
	17,027,028	57,950,772	6,190,090	1,215,360
Deposits	469,790	469,740	279,629	279,629
Prepayments	1,781,257	211,352	1,777,507	207,603
	19,278,075	58,631,864	8,247,226	1,702,592

Note:

(a) The secured loans are interest-bearing at annual fixed rates ranging from 1% to 10% (2005: 1% to 10%) and are expected to be realised within one year from balance sheet date.

(b) The ageing analysis of receivables is as follows:

	Group		Company	
	2006 HK$	2005 HK$	2006 HK$	2005 HK$
Current	5,393,818	42,676,236	5,084,561	226,000
30 – 60 days	284,021	63,389	–	8,000
61 – 90 days	421,842	62,846	154,000	–
Over 90 days	10,927,347	15,148,301	951,529	981,360
	17,027,028	57,950,772	6,190,090	1,215,360

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2006 HK$	2005 HK$	2006 HK$	2005 HK$
Non-current assets:				
Investment in a convertible note *(Note a)*	–	2,000,000	–	–
Current assets:				
Equity securities *(Note b)*				
– Listed in Hong Kong	41,686,365	16,702,160	23,940,791	7,259,760
– Listed outside Hong Kong	3,181,985	2,553,946	875,000	–
	44,868,350	19,256,106	24,815,791	7,259,760
Total	44,868,350	21,256,106	24,815,791	7,259,760
Market value of equity securities listed				
– in Hong Kong	41,686,365	16,702,160	23,940,791	7,259,760
– outside Hong Kong	3,181,985	2,553,946	875,000	–
	44,868,350	19,256,106	24,815,791	7,259,760

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note:

(a) The Group's investment in a convertible note was classified as financial assets at fair value through profit or loss since the fair value of the embedded derivatives cannot be measured reliably.

Details of the convertible note at 31st December, 2005 are as follows:

Name of issuer	Security	Nature of business	Principal amount 2006 HK$	Principal amount 2005 HK$	Maturity date	Interest rate
Rich Creations Holding Inc.	Secured	Investment holding	Nil	2,000,000	22nd June, 2007	5% per annum

During the year, the Group had exercised the conversion right to convert the principal amount of HK$2,000,000 into equity which represented 10% of the issued share capital of Rich Creations Holding Inc. and was classified as available-for-sale financial asset.

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Listed equity securities

As at 31st December, 2006, details of major financial assets at fair value through profit or loss are as follows:

Name of investee company	Place of incorporation	Proportion of investee's capital owned	Cost	Market value	Dividend income received during the year	Dividend cover	Net assets attributable to the investment	Fair value changes recognised in the financial statements
			HK$'000	HK$'000	HK$'000	%	HK$'000 (Note vii)	HK$'000
Listed in Hong Kong:								
Ultra Group Holdings Limited ("Ultra") *(Note (i))*	Cayman Islands	21.34%	13,868	17,746	–	–	10,125	3,878
Prosperity International Holdings (H.K.) Limited ("Prosperity") *(Note (ii))*	Bermuda	8.49%	10,030	10,384	–	–	1,198	354
Upbest Group Limited ("Upbest") *(Note (iii))*	Cayman Islands	0.32%	1,249	7,880	111	22.59%	1,715	6,631
Tonic Industries Holdings Limited ("Tonic") *(Note (iv))*	Cayman Islands	1.10%	3,036	1,827	104	51.20%	5,732	(1,209)
Tysan Holdings Limited ("Tysan") *(Note (v))*	Bermuda	1.19%	7,255	3,850	–	–	7,578	(3,405)
Listed outside Hong Kong:								
Celsion Corporation ("Celsion") *(Note (vi))*	Delaware	1.45%	6,733	2,307	–	–	(363)	(4,426)

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(b) Listed equity securities (continued)

Note:

(i) Ultra is principally engaged in the manufacturing and sales of office furniture. Its places of operations are located in Hong Kong, the People's Republic of China and other countries.

(ii) Prosperity is principally engaged in the trading of cement clinker and other building materials. Its places of operations are located in Hong Kong and the People's Republic of China.

(iii) Upbest is principally engaged in provision of a wide range of financial services including, securities broking, futures broking, margin financing, money lending, corporate finance advisory and asset management; and property investment. Its place of operation is mainly in Hong Kong.

(iv) Tonic is principally engaged in the design, manufacturing and trading of consumer electronic products and customers and components and home appliance products. Its places of operations are located in Hong Kong and the People's Republic of China.

(v) Tysan is principally engaged in foundation piling, machinery trading and leasing; property investment and development, electric and mechanic engineering and building construction. Its place of operation is mainly in Hong Kong.

(vi) Celsion is principally engaged in furthering the development and commercialisation of treatment systems for cancer and other diseases using focused heat energy in combination with other therapeutic devices, heat-activated drugs or heat-activated genes. Its place of operation is mainly in United States of America.

(vii) The information is based on the latest published financial statements of the investees.

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18. ACCOUNTS PAYABLE

	Group		Company	
	2006	2005	2006	2005
	HK$	HK$	HK$	HK$
Account payable	5,000,000	–	–	–
Accruals	2,427,501	1,712,487	2,197,267	1,663,487
Unclaimed dividend payable	1,958	–	1,958	–
Interest payable	–	228,937	–	–
	7,429,459	1,941,424	2,199,225	1,663,487

The ageing analysis of accounts payable is as follow:

	Group		Company	
	2006	2005	2006	2005
	HK$	HK$	HK$	HK$
Current	7,402,038	1,724,381	2,196,039	1,641,408
30 – 60 days	–	42,777	–	9,900
61 – 90 days	–	43,872	–	9,900
Over 90 days	27,421	130,394	3,186	2,279
	7,429,459	1,941,424	2,199,225	1,663,487

19. INTEREST-BEARING BORROWINGS

	Group	
	2006	2005
	HK$	HK$
The following loans are unsecured and repayable within one year:		
– loan (carrying a fixed rate of interest at 6% per annum)	–	2,500,000
– instalment loan (carrying a fixed rate of interest at 5% per annum)	–	5,000,000
	–	7,500,000

During the year, all the loans had been repaid by the Group.

20. SHARE CAPITAL

	Number of shares	Amount HK$
Authorised:		
Ordinary shares of HK$0.2 each at 1st January, 2005 and 2006	500,000,000	100,000,000
Share consolidation on 14th December, 2006 *(Note a)*	(400,000,000)	–
Ordinary shares of HK$1 each at 31st December 2006	100,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK$0.2 each at 1st January, 2005	121,802,374	24,360,475
Issue of shares of HK$0.2 each *(Note b)*	24,300,000	4,860,000
Ordinary shares of HK$0.2 each at 31st December, 2005	146,102,374	29,220,475
Share consolidation on 14th December, 2006 *(Note a)*	(116,881,900)	–
Ordinary shares of HK$1 each at 31st December, 2006 *(Note c)*	29,220,474	29,220,475

Note:

(a) **Share consolidation**

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 13th December, 2006, 5 shares (issued and unissued) of the Company of HK$0.2 each were consolidated into 1 new share of the Company of HK$1 each with effect on 14th December, 2006.

(b) **Share placement**

Pursuant to a placing agreement with a placing agent dated 1st March, 2005, the Company agreed to place through the placing agent an aggregate of 24,300,000 placing shares, on a fully underwritten basis, to not fewer than six placees, at a price of HK$0.35 per share. On 15th March, 2005, such placing shares were issued and fully paid.

(c) **Fractional entitlements of shares**

Fractional entitlements of shares (i.e. one share) have not been issued to the shareholders upon completion of the 5-for-1 share consolidation as mentioned in Note 20(a).

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20. SHARE CAPITAL (continued)

Note: (continued)

(d) Share option scheme

The Company has adopted a share option scheme (the "Share Option Scheme") at its annual general meeting held on 28th June, 2005. The purposes of the Share Option Scheme are to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

All directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Company and its subsidiaries and consultants, advisors, agents, customers, service providers, contractors, business partners of any member of the Group or any member of it has a shareholding interest, in the sole discretion of the Board, has contributed to the Group or any member of it are eligible to participate in the Share Option Scheme.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 14,610,237 shares (before the share consolidation) of the Company, being 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme and 10% of issued share capital at the date of the then financial statements. After the share consolidation on 14th December, 2006, the maximum number of shares which may be issued under the Share Option Scheme had been adjusted to 2,922,047.

As at the date of these financial statements, a total of 1,906,047 shares (after adjustment of consolidation of shares), representing 6.52% of the existing issued share capital of the Company are available for issue in respect of the remaining options which may be granted under the Share Option Scheme.

The total number of shares issued and to be issued upon exercise of options granted to each eligible participant (including both exercised and outstanding options) under the Share Option Scheme and any other share option schemes of the Company in any twelve-month period must not exceed 1% of the issued shares of the Company. Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any twelve-month period up to the date of grant should not exceed 0.1% of the issued shares of the Company or an aggregate value of HK$5,000,000.

20. SHARE CAPITAL (continued)

Note: (continued)

(d) Share option scheme (continued)

An option may be exercised at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof.

Unless otherwise determined by the Board at its sole discretion, the Share Option Scheme does not require a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised.

Upon acceptance of the options, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

The subscription price for the shares of the Company (the subject of an option) shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be determined by the Board at the time the option is offered to the relevant participant.

The Share Option Scheme will remain in force for a period of ten years from 28th June, 2005.

On 17th January, 2006, the Company granted 5,080,000 share options to six directors and three employees at the exercise price of HK$0.55 per share. After the share consolidation becoming effective on 14th December, 2006, the number of share options granted had been adjusted from 5,080,000 to 1,016,000 with the exercise price of HK$2.75 per share representing 3.48% of the existing issued share capital of the Company as at the date of these financial statements. During the year ended 31st December, 2006, no share option has been exercised by the Company's directors and employees. No option was granted or outstanding during the year ended 31st December 2005.

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20. SHARE CAPITAL (continued)

Note: (continued)

(d) Share option scheme (continued)

The terms and conditions of the unexpired and outstanding share options as at 31st December, 2006 are as follows:

	Date of grant	Exercise period	Number of options: As at 1st January, 2006	Granted during the year	As at 31st December, 2006	Exercise price HK$
Director						
Lee Fong Lit David	17/1/2006	17/1/2006 – 16/1/2009	–	28,000	28,000	2.75
Chow Pok Yu Augustine	17/1/2006	17/1/2006 – 16/1/2009	–	28,000	28,000	2.75
Lam Andy Siu Wing, JP	17/1/2006	17/1/2006 – 16/1/2009	–	292,000	292,000	2.75
Tong Kim Weng Kelly	17/1/2006	17/1/2006 – 16/1/2009	–	28,000	28,000	2.75
Ho Man Kai Anthony	17/1/2006	17/1/2006 – 16/1/2009	–	28,000	28,000	2.75
Wong Yun Kuen	17/1/2006	17/1/2006 – 16/1/2009	–	28,000	28,000	2.75
			–	432,000	432,000	
Employees in aggregrate	17/1/2006	17/1/2006 – 16/1/2009	–	584,000	584,000	2.75
			–	1,016,000	1,016,000	

No option was exercised, lapsed or cancelled during the year. The options granted during the year vest at the date of grant.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes Options Pricing Model.

20. SHARE CAPITAL (continued)

Note: (continued)

(d) Share option scheme (continued)

The variables of the option served as inputs into the model are listed as follows:

Grant date/date of valuation	17th January, 2006
Option type	American
Stock asset price (closing on the date of valuation)	HK$2.75
Option exercise price	HK$2.75
Exercise period	17th January, 2006 to 16th January, 2009
Exercise period/Maturity	Three years
Assumed exercise date	16th January, 2009
Risk-free interest rate *(Note i)*	3.783%
Annualised volatility *(Note ii)*	54%
Dividend yield *(Note iii)*	3.61%
Fair value of option granted	HK$0.894 per share

Note:

(i) The applicable risk-free interest rate was the yield of three years Hong Kong Monetary Authority exchange fund notes quoted at the date of valuation.

(ii) The volatility was generated from Bloomberg based on the Company's 180 days historical share prices before the date of valuation.

(iii) The dividend yield was quoted from Bloomberg based on the historical performance of the Company.

The estimated fair value of HK$908,000 (2005: Nil) with respect to share options granted to directors and employees on 17th January, 2006 were charged to the income statement during the year.

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21. RESERVES

	Group					
	Share premium HK$	Fair value reserve HK$	Share option reserve HK$	Proposed dividend HK$	Retained profits/ (accumulated losses) HK$	Total HK$
At 1st January, 2006	147,899,905	(6,034,732)	–	4,383,071	(5,809,313)	140,438,931
Profit for the year	–	–	–	–	10,685,282	10,685,282
Impairment loss on available-for-sale financial assets	–	5,980,000	–	–	–	5,980,000
Transfer to income statement upon disposal of available-for-sale financial assets	–	400,000	–	–	–	400,000
Fair value changes on available-for-sale financial assets	–	7,194,902	–	–	–	7,194,902
Employee share option scheme – value of employee services	–	–	908,000	–	–	908,000
Proposed dividend transferred to current liabilities upon approval of shareholders at annual general meeting	–	–	–	(4,383,071)	–	(4,383,071)
Proposed dividend *(Note 9)*	(4,383,071)	–	–	4,383,071	–	–
At 31st December, 2006	143,516,834	7,540,170	908,000	4,383,071	4,875,969	161,224,044

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21. RESERVES (continued)

	Group					
	Share premium HK$	Fair value reserve HK$	Share option reserve HK$	Proposed dividend HK$	Retained profits/ (accumulated losses) HK$	Total HK$
At 1st January, 2005	148,900,601	(7,023,074)	–	2,922,047	(27,370,669)	117,428,905
Profit for the year	–	–	–	–	21,561,356	21,561,356
Issue of shares	3,645,000	–	–	–	–	3,645,000
Share issue expenses	(262,625)	–	–	–	–	(262,625)
Transfer to income statement upon disposal of available-for-sale financial assets	–	855,543	–	–	–	855,543
Fair value changes on available-for-sale financial assets	–	132,799	–	–	–	132,799
Proposed dividend transferred to current liabilities upon approval of shareholders at annual general meeting	–	–	–	(2,922,047)	–	(2,922,047)
Proposed dividend *(Note 9)*	(4,383,071)	–	–	4,383,071	–	–
At 31st December, 2005	147,899,905	(6,034,732)	–	4,383,071	(5,809,313)	140,438,931

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21. RESERVES (continued)

	Company					
	Share premium HK$	Fair value reserve HK$	Share option reserve HK$	Proposed dividend HK$	Accumulated losses HK$	Total HK$
At 1st January, 2006	147,899,905	698,640	–	4,383,071	(22,615,854)	130,365,762
Profit for the year	–	–	–	–	6,011,092	6,011,092
Fair value changes on available-for-sale financial assets	–	570,000	–	–	–	570,000
Employee share option scheme – value of employee services	–	–	908,000	–	–	908,000
Proposed dividend transferred to current liabilities upon approval of shareholders at annual general meeting	–	–	–	(4,383,071)	–	(4,383,071)
Proposed dividend *(Note 9)*	(4,383,071)	–	–	4,383,071	–	–
At 31st December, 2006	143,516,834	1,268,640	908,000	4,383,071	(16,604,762)	133,471,783
At 1st January, 2005	148,900,601	–	–	2,922,047	(23,570,173)	128,252,475
Profit for the year	–	–	–	–	954,319	954,319
Issue of shares	3,645,000	–	–	–	–	3,645,000
Share issue expenses	(262,625)	–	–	–	–	(262,625)
Fair value changes on available-for-sale financial assets	–	698,640	–	–	–	698,640
Proposed dividend transferred to current liabilities upon approval of shareholders at annual general meeting	–	–	–	(2,922,047)	–	(2,922,047)
Proposed dividend *(Note 9)*	(4,383,071)	–	–	4,383,071	–	–
At 31st December, 2005	147,899,905	698,640	–	4,383,071	(22,615,854)	130,365,762

21. RESERVES (continued)

Note:

(a) Nature and purpose of reserves

Share premium represents the amount by which the issue price of shares exceeds the par value of those shares and is distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Fair value reserve represents the cumulative net change in fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policies in Note 2(h) to the financial statements.

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in Note 2(n) (ii).

(b) Distributability of reserves

Distributable reserves of the Company at 31st December, 2006 according to the Company's Articles of Association amounted to HK$131,295,143 (2005: HK$129,667,122).

22. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK$190,444,519 (2005: HK$169,659,406) and the 29,220,474 (2005: 29,220,474 after share consolidation) ordinary shares in issue as at 31st December, 2006.

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23. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before income tax to cash generated from (used in) operations:

	2006 HK$	2005 HK$
Operating activities		
Profit before income tax	10,799,748	21,561,356
Interest income	(4,144,939)	(1,933,776)
Finance costs	141,024	639,121
Dividend income from available-for-sale financial assets	(735,266)	(1,700,000)
Depreciation of property, plant and equipment	310,196	308,669
Share-based payment expenses	908,000	–
Net realised loss (gain) on disposal of available-for-sale financial assets	377,470	(290,331)
Impairment loss on available-for-sale financial assets	5,980,000	–
Fair value changes on financial assets at fair value through profit or loss	(9,522,128)	4,654,492
Impairment loss on accounts receivable	228,654	11,944,745
Impairment loss on loans and receivables	–	1,353,120
Deposits on investments written off	2,925,900	–
Impairment loss on goodwill	–	55,359
Profit before working capital changes	7,268,659	36,592,755
(Increase) Decrease in financial assets at fair value through profit or loss	(16,090,116)	5,503,363
Decrease (Increase) in accounts receivable and prepayments	40,543,785	(41,826,194)
Increase (Decrease) in accounts payable	486,077	(403,992)
Cash generated from (used in) operations	32,208,405	(134,068)

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23. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Major non-cash transactions

(i) During the year, the purchase consideration of an available-for-sale financial asset to the extent of HK$5,000,000 (2005: Nil) remained outstanding as at 31st December, 2006 and is included in accounts payable.

(ii) During the year, an investment in convertible note of HK$2,000,000 (2005: Nil), previously classified as financial asset at fair value through profit or loss, was converted into ordinary shares of the issuer and classified as available-for-sale financial asset.

24. RELATED PARTY TRANSACTIONS

The Company has entered into an investment management agreement with Harmony Asset Management Limited ("HAML"), a company which is wholly-owned by a director of the Company, Dr. Chow Pok Yu Augustine. Under the agreement, HAML has agreed to assist the Board with the day-to-day management of the Group until 31st May, 2007. In accordance with the investment management agreement, HAML is entitled to a monthly fee calculated at 1.5% per annum on the net asset value of the Company of the preceding month and an incentive fee at 10% of the surplus in the net asset value over a financial year. During the year, the Company has agreed with HAML to amend the basis of calculation of the incentive fee whereby the incentive fee is calculated at 10% of the audited net profit of a financial year (before accrual of the incentive fee). Dr. Chow Pok Yu Augustine, being a beneficial shareholder of HAML, was interested in these contracts in 2006 and 2005. The management fees and incentive fee paid and payable to HAML are as follows:

	2006 HK$	2005 HK$
Management fees	2,657,352	2,205,760
Incentive fee	1,187,254	1,400,508
	3,844,606	3,606,268

Remuneration of key management personnel of the Group representing amounts paid to the Company's directors is disclosed in Note 7(a).

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25. COMMITMENTS

Commitments under operating leases

At 31st December, 2006, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2006	2005	2006	2005
	HK$	HK$	HK$	HK$
Within one year	727,739	1,601,805	253,330	868,560
In the second to fifth years inclusive	309,873	1,494,609	–	253,330
	1,037,612	3,096,414	253,330	1,121,890

The Group leases an office and an incubation centre under operating leases. The leases typically run from an initial period of three years, with an option to renew the lease after that date at which time all terms are renegotiated.

The incubation centre contains contingent rentals calculated based on the profit of a subsidiary of the Company. No contingent rentals were payable by the Group for the years ended 31st December, 2006 and 2005.

26. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

(i) *Market risk*

– Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the exchange rate of HK dollar against US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Since HK dollar is pegged to US dollar, the directors consider that the Group's foreign exchange risk is not significant.

– Price risk

The Group is exposed to price risk of equity securities and embedded derivatives which are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. Such investments are susceptible to market price risk arising from uncertainties about their future prices. Such risk is managed through diversification of investment portfolio.

(ii) *Credit risk*

The Group has no significant concentration of credit risk. Derivative counter parties and cash transactions are limited to those debtors and borrowers considered by directors having a good credit standing. The Group has policies that limit the amount of credit exposure to any debtors and borrowers. The Group regards the maximum credit risk exposure limited to available-for- sale financial assets, financial assets at fair value through profit or loss, loans and receivables and accounts receivable.

(iii) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its investment commitments.

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26. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Interest rate risk

The Group's interest rate risk from financial assets is limited to loans and receivables which are not expected to be repayable within one year.

The Group's interest rate risk also arises from the interest-bearing borrowings. As the amount of borrowings is not significant, the directors consider that the exposure to interest rate risk is minimal.

(b) Fair value

The directors consider all the financial instruments are carried at amounts not materially different from their fair values.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is current bid price.

Fair value of financial assets and liabilities which do not have quoted market price in an active market is estimated by reference to generally accepted valuation techniques.

27. EXPLANATION OF TRANSITION FROM HKFRS TO IFRS

As stated in Note 2, these are the Group's first set consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31st December, 2006, the comparative information presented in these financial statements for the year ended 31st December 2005 and in the preparation of an opening IFRS balance sheet at 1st January, 2005 (the Group's date of transition).

The transition from HKFRS to IFRS requires the cumulative changes in fair value of available-for-sale financial assets previously recognised in retained profits/accumulated losses as at 1st January, 2005 under HKFRS to be recognised in fair value reserve until subsequent derecognition or impairment. There are no effect on the assets, liabilities and shareholders' equity other than a change in components of the shareholders' equity. There is no other adjustment required for the transition to IFRS.

for the year ended 31st December, 2006

27. EXPLANATION OF TRANSITION FROM HKFRS TO IFRS (continued)

An explanation of how the transition from HKFRS to IFRS has affected the Group's financial position and financial performance is set out in the following tables and notes that accompanying the tables. There is no financial impact on the Group's cash flows and the Company's financial statements

(a) Reconciliation of equity as at 1st January, 2005 (date of transition to IFRS)

	HKFRS	Effect of conversion to IFRS: Cumulative changes in fair value recognised in fair value reserve	IFRS
	HK$	HK$	HK$
Share capital	24,360,475		24,360,475
Share premium	148,900,601		148,900,601
Fair value reserve	–	(7,023,074)	(7,023,074)
Proposed dividend	2,922,047		2,922,047
Accumulated losses	(34,393,743)	7,023,074	(27,370,669)
Shareholders' equity	141,789,380		141,789,380

(b) Reconciliation of equity as at 31st December, 2005

		Effect of conversion to IFRS		
	HKFRS	Cumulative changes in fair value recognised in fair value reserve	Fair value reserve released to income statement upon disposal	IFRS
	HK$	HK$	HK$	HK$
Share capital	29,220,475			29,220,475
Share premium	147,899,905			147,899,905
Fair value reserve	132,799	(7,023,074)	855,543	(6,034,732)
Proposed dividend	4,383,071			4,383,071
Accumulated losses	(11,976,844)	7,023,074	(855,543)	(5,809,313)
Shareholders' equity	169,659,406			169,659,406

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27. EXPLANATION OF TRANSITION FROM HKFRS TO IFRS (continued)

(c) Reconciliation of profit for the year ended 31st December, 2005

		Effect of conversion to IFRS	
	HKFRS	**Fair value reserve released to income statement upon disposal**	**IFRS**
	HK$	HK$ *Note*	HK$
Turnover	4,144,202		4,144,202
Other revenue	47,474,557	(855,543)	46,619,014
Other expense items	(28,562,739)		(28,562,739)
Operating profit	23,056,020		22,200,477
Finance costs	(639,121)		(639,121)
Profit before income tax	22,416,899		21,561,356
Income tax expenses	–		–
Profit for the year attributable to shareholders	22,416,899		21,561,356

Note: There is no effect on the Group's turnover and other expense items for the year ended 31st December, 2005 other than resulting in an additional loss on disposal of available-for-sale financial assets of HK$855,543 to be deducted from the net gain on disposal of available-for-sale financial assets included in other revenue.

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2006

The following new standards, amendments to standards and interpretations which are not yet effective for the year ended 31st December, 2006, have not been adopted in preparation of these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except that they will result in new or amended disclosures in the financial statements.

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

[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
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008
[8] Effective for annual periods beginning on or after 1 January 2009

29. POST BALANCE SHEET EVENT

The Board has approved the disposal of a financial asset at fair value through profit or loss at a consideration of HK$4,900,000. The carrying amount of the financial asset at the balance sheet date was HK$3,850,000.