

NOTES TO CONDENSED FINANCIAL STATEMENTS**簡明財政報告附註****1. Basis of preparation and accounting policies**

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business is 2nd Floor, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong.

The Company and its subsidiaries are engaged in investment holding and trading of securities.

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

1. 編製基準及會計政策

本公司乃於開曼群島註冊成立有限責任之公眾公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊地址為Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies。其主要營業地點位於香港德輔道中302號華傑商業中心2樓。

本公司及其附屬公司均從事投資控股及證券交易。

簡明綜合財務報表已根據聯交所證券上市規則（「上市規則」）附錄16的適用披露規定及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」而編製。

2. Accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2006 except as described below.

In the current interim period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereafter collectively referred to as the "new HKFRSs") issued by the HKICPA, which are 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 of operations and financial position of the Group are prepared and presented.

2. 會計政策

未經審核簡明綜合財務報表乃按歷史成本法編製，惟按公平值（如適用）計算之若干金融工具除外。

簡明綜合財務報表採納之會計政策與編製本集團截至二零零六年三月三十一日止年度之全年財務報表所用者一致，惟下述者除外。

於本中期期間，本集團首次應用由會計師公會頒佈之多項新準則、修訂及詮釋（以下統稱「新香港財務報告準則」），該等準則均於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效。

應用該等新香港財務報告準則並無對本集團經營業績及財務狀況之編製及呈列方式構成任何重大影響。

2. Accounting policies (continued)

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs but not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment) Presentation of financial statements: Capital disclosures¹

HKFRS 7 Financial instruments: Disclosures¹

HK(IFRIC)-INT 7 Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies²

HK(IFRIC)-INT 8 Scope of HKFRS 2³

HK(IFRIC)-INT 9 Reassessment of embedded derivatives⁴

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.

Comparative figures have been reclassified to conform with the current period's presentation.

2. 會計政策(續)

本集團並無提早應用下列已頒佈但尚未生效之新財務報告準則。本集團正評估該等新香港財務報告準則之潛在影響，惟尚未能確定該等新香港財務報告準則對經營業績及財務狀況之編製及呈列方式會否構成重大影響。該等新香港財務報告準則或會導致日後業績及財務狀況之編製及呈列方式出現變動。

香港會計準則 財務報表呈列
第1號(修訂本) 方式:股本披露¹

香港財務報告準則 金融工具:披露¹
第7號

香港(國際財務 根據香港會計
報告詮釋委員會) 準則第29號惡
— 詮釋第7號 性通貨膨脹
經濟體中之財務
報告採用重列
法²

香港(國際財務報告 香港財務報告
詮釋委員會) 準則第2號之範
— 詮釋第8號 圍³

香港(國際財務報告 重新評估內含
詮釋委員會) 衍生工具⁴
— 詮釋第9號

¹ 於二零零七年一月一日或之後
開始之年度期間生效。

² 於二零零六年三月一日或之後
開始之年度期間生效。

³ 於二零零六年五月一日或之後
開始之年度期間生效。

⁴ 於二零零六年六月一日或之後
開始之年度期間生效。

比較數字已重新分類以符合現期間之
呈列方式。

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market price risk, credit risk, liquidity risk, interest rate risk and currency 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.

(a) Market price risk

The Group is exposed to equity securities and debt securities which are classified on the consolidated balance sheet either as available-for-sale financial assets or financial assets at fair value through profit or loss. These are susceptible to market price risk arising from uncertainties about the future prices of the instruments. The Group's market price risk is managed through diversification of the investment portfolio ratios by exposures.

(b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The Group is responsible for monitoring the amount of credit exposure to any financial institution.

3. 財務風險管理

3.1 財務風險因素

本集團業務面對多項不同形式之財務風險：市場風險、信貸風險、流動資金風險、利率風險及貨幣風險。本集團之整體風險管理計劃專注於金融市場無法預測之特性，以及尋求盡量減少對本集團財務表現可能造成之不利影響。

(a) 市場風險

本集團持有之股本證券及債務證券，乃於綜合資產負債表內分類為可出售財務資產或按公平值列賬及在損益賬中處理之財務資產。該等證券較易受到市場價格風險所影響，而該等風險則由於與該等工具之未來價格有關之不確定因素而產生。本集團之市場價格風險乃透過按風險計算之投資組合比例進行多元化管理。

(b) 信貸風險

本集團面對之信貸風險乃交易對手方將無法全數支付到期應付款項之風險。於結算日已產生之虧損（如有）乃提撥減值準備。本集團負責監察對任何金融機構承擔之信貸風險款額。

3. Financial risk management (continued)**3.1 Financial risk factors (continued)***(c) Liquidity risk*

The Group invests in both listed and unlisted securities. Those listed securities are considered readily realisable as they are listed in regulated stock exchanges. Those unlisted securities may not be traded in an organized public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions.

(d) Interest rate risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows since the Group has significant interest-bearing assets and long-term borrowings issued at variable rate.

3. 財務風險管理 (續)**3.1 財務風險因素 (續)***(c) 流動資金風險*

本集團投資於上市及非上市兩類證券。由於該等上市證券在受規管之證券交易所上市，故被視為易於變現。該等非上市證券可能並非於架構完善之公開市場買賣，故流通量可能不足。因此，本集團可能無法以接近此等工具公平值之款額迅速變賣於此等工具之投資，以應付本集團之流動資金需要或回應特定事件（例如任何特定發行人之信貸水平惡化）。審慎之流動資金風險管理，意味著維持足夠現金及有價證券、透過款額充裕之信貸融資以維持可供動用資金，及結算市場頭寸之能力。

(d) 利率風險

由於本集團擁有大量計息資產及按浮息發行之長期借貸，本集團面對因目前市場利率水平波動對其財務狀況及現金流量造成影響之有關風險。

3. Financial risk management (continued)**3.1 Financial risk factors (continued)***(e) Currency risk*

The Group holds assets denominated in currencies other than the HK dollars, the functional currency. The Group is therefore exposed to currency risk, as the value of the securities and foreign currency borrowings denominated in other currencies will fluctuate due to the changes in exchange rates.

3.2 Fair value estimation

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 the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices, dealer quotes for similar instruments and other techniques, such as estimated discounted cash flows, are used to determine the fair value.

All financial instruments fair values at 30 September 2006 are not materially different from their carrying values.

3. 財務風險管理 (續)**3.1 財務風險因素 (續)***(e) 貨幣風險*

本集團持有港元(功能貨幣)以外貨幣列值之資產。由於以其他貨幣列值之證券及外幣借貸之價值將因匯率變動而出現波動，本集團因此面對貨幣風險。

3.2 公平值估計

於活躍市場買賣之財務工具之公平值乃根據於結算日期之市場報價計算。本集團持有之財務資產所採用之市場報價為現行之市場買入價。

並非於活躍市場買賣之財務工具之公平值乃採用估值技巧計算。本集團採用多種不同方法及根據於各結算日當時之市況作出假設。市場報價、同類金融工具之交易商報價及其他技巧(例如估計貼現現金流量)均用於釐定公平值。

於二零零六年九月三十日，所有財務工具之公平值與彼等之賬面值並無重大差異。

4. Turnover, other revenues and net gains

The Group principally invests in listed and unlisted securities, including equity securities. Revenues recognized during the period are as follows:

4. 營業額、其他收入及收益淨額

本集團主要投資於上市及非上市證券，包括股本證券。在期內確認之總收入如下：

		For the six months ended	
		30 September	
		截至九月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
		HK\$	HK\$
		港元	港元
Turnover	營業額		
Proceeds from sale of available-for-sale financial assets – listed	出售可供出售金融資產所得款項 – 上市	51,569,422	12,109,597
Proceeds from sale of financial assets at fair value through profit or loss – listed	出售按公平值於損益賬列賬之金融資產所得款項 – 上市	10,649,059	18,936,915
Dividend income from listed equity securities	上市股本證券之股息收入	1,282,319	2,204,574
		63,500,800	33,251,086
Other revenue	其他收入		
Interest on bank deposits	銀行存款利息收入	193,998	39,184
Other revenue	其他收入	8,630	66,184
		202,628	105,368
Total revenues	總收入	63,703,428	33,356,454

4. Turnover, other revenues and net gains (continued)

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

4. 營業額、其他收入及收益淨額（續）

由於本集團只有投資控股單一業務，本集團所有綜合營業額及綜合業績乃源於香港市場，因此並無依據主要業務及地區市場，呈列本集團本期間的營業額及經營溢利。

For the six months ended

30 September

截至九月三十日止六個月

2006	2005
二零零六年	二零零五年
(unaudited)	(unaudited)
(未經審核)	(未經審核)
HK\$	HK\$
港元	港元

Other net gains
 Net unrealised gain on financial
 assets at fair value
 through profit or loss

其他收益淨額
 按公平值於損益
 賬列賬之財務資產
 之未變現收益淨額

657,378

286,470

5. Profit before taxation

Profit from operations has been arrived at after charging the following:

5. 除稅前溢利

經營溢利已扣除下列各項：

		For the six months ended 30 September	
		截至九月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
		HK\$	HK\$
		港元	港元
Depreciation	折舊	3,255	2,836
Investment management fee paid to a related company	支付予關連公司之投資管理費用	856,495	730,434
Staff costs, including defined contribution of HK\$7,233 (2005: HK\$6,400 to MPF Scheme)	員工成本，包括員工強積金計劃界定供款7,233港元（二零零五年：6,400港元）	132,650	152,400
Minimum lease payments on properties under operating leases	物業根據經營租賃之最低應付租金	120,000	120,000
		120,000	120,000

6. Finance costs

Interest on:
Other borrowings wholly repayable within five years

6. 融資成本**For the six months ended****30 September****截至九月三十日止六個月**

	2006	2005
	二零零六年	二零零五年
	(unaudited)	(unaudited)
	(未經審核)	(未經審核)
	HK\$	HK\$
	港元	港元

利息支出：
其他借款
（全數於5年內償還）

309,442 175,076

7. Taxation

Hong Kong profit tax has not been provided as the Group has no assessable profit during the period.

Reconciliation between the tax expenses and accounting profit at applicable tax rate.

7. 稅項

由於本集團於期內並沒有錄得評稅溢利，故未有就香港利得稅撥備。

實質稅項開支與會計溢利按應用稅率之對賬。

**For the six months ended
30 September 2006
截至二零零六年
九月三十日止六個月
(unaudited)
(未經審核)
HK\$
港元**

Profit before taxation	除稅前溢利	9,927,313
Notional tax charge on profit before taxation, calculated at the applicable tax rate of 17.5% (2005: 17.5%)	按適用稅率 17.5% (二零零五年: 17.5%) 計算除稅前溢利之 名義應課稅支出	1,737,280
Tax effect of profit not subject to taxation	毋須課稅溢利之 稅務影響	(1,921,668)
Tax effect of non deductible expenses	不可扣除開支之 稅務影響	33,682
Tax effect on unrecognised temporary difference	未確認臨時差額之 稅務影響	341
Tax effect of unused tax losses not recognised	未確認之未使用稅務 虧損之影響	150,365
Actual tax expenses	稅項虧損	-

8. Basic earning per share

The basic earning per share is based on the Group's profit attributable to shareholders for the period of HK\$9,927,313 (2005: gain of HK\$1,771,794) and the weighted average number of ordinary shares of 1,059,778,200 shares (2005: 1,059,778,200) in issue during the period.

No diluted earning per share for the six months ended 30 September 2006 and 2005 are presented respectively as the Company does not have dilutive potential ordinary shares.

8. 每股基本盈利

每股基本盈利乃根據期內股東應佔淨盈利 9,927,313 港元 (二零零五年: 1,771,794 港元盈利) 及期內已發行普通股之加權平均數 1,059,778,200 股 (二零零五年: 1,059,778,200 股) 計算。

由於本公司並無具有潛在攤薄影響之普通股，因此並無呈列截至二零零六年及二零零五年九月三十日止六個月之每股攤薄盈利。

9. Amount due from investee companies

9. 應收投資公司款項

	30 September 2006 二零零六年 九月三十日 (unaudited) (未經審核) HK\$ 港元	31 March 2006 二零零六年 三月三十一日 (audited) (經審核) HK\$ 港元
Amounts due from investee companies less provision of HK\$3,413,838 (31 March 2006: HK\$4,876,719)	應收投資公司款項減 3,413,838港元撥備 (二零零六年三月 三十一日： 4,876,719港元)	
	<u>23,406,168</u>	<u>24,576,718</u>

The amounts due from investee companies are unsecured, interest-free and with no fixed terms of repayment.

應收投資公司款項乃沒有抵押，沒有利息及沒有指定還款期。

10. Loans and other receivables

10. 借貸及其他應收款項

	30 September 2006 二零零六年 九月三十日 (unaudited) (未經審核) HK\$ 港元	31 March 2006 二零零六年 三月三十一日 (audited) (經審核) HK\$ 港元
Deposits and prepayments	60,000	60,060
Loans receivable	10,063,264	2,536,987
Other receivable	4,680	878
	<u>10,127,944</u>	<u>2,597,925</u>

10. Loans and other receivables (continued)

Loans receivable are unsecured, bearing interest at annual interest rate of 6% and have no fixed term of repayment.

No ageing analysis is disclosed for other receivables in view of the fact that they comprise mainly rental deposits, dividend receivable from listed equity securities and interest income from fixed deposit and loans.

11. Interest bearing borrowings

The interest-bearing borrowings represent loans from margin accounts due to a related company, Upbest Investment Company Limited, for financing the purchases of listed securities. The loans are repayable on demand, bearing interest at the effective interest rate at 12.5% per annum (2005: from 9.5% to 11.5%) and secured by certain listed equity securities with market value as follows:

10. 借貸及其他應收款項 (續)

應收借貸乃沒有抵押，利息以年利率 6% 計算及沒有指定還款期。

由於其他應收款項主要包括租賃按金，上市股本證券應收股息及定期存款及借貸利息收益，因此並無呈列賬齡分析。

11. 付息借貸

付息借貸為欠關聯公司（美建投資有限公司）之孖展戶口借款，用作購買上市證券。該等款項須按通知償還，按有效年率為 12.5%（二零零五年：由 9.5% 至 11.5%）計算利息及以部份上市股本證券作抵押，其市值如下：

	30 September 2006 二零零六年 九月三十日 (unaudited) (未經審核) HK\$ 港元	31 March 2006 二零零六年 三月三十一日 (audited) (經審核) HK\$ 港元
Market value of listed equity securities pledged for securing margin loans and facilities	抵押於孖展 貸款之上市 股本證券市值	
	82,133,079	60,424,463

12. Share Capital**12. 股本**

		Number of shares 股份數目	Amount 數值 HK\$ 港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元的普通股		
Authorised:	法定：		
At 30 September 2006 and 31 March 2006	於二零零六年九月三十日及 二零零六年三月三十一日	2,000,000,000	20,000,000
Issued and fully paid:	已發行及繳足：		
At 30 September 2006 and 31 March 2006	於二零零六年九月三十日及 二零零六年三月三十一日	1,059,778,200	10,597,782

13. Connected and related party transactions**13. 關連及關聯人士交易**

During the period, significant connected and related party transactions, which were carried out in the ordinary course of the Group's business, are as follows:

期間本集團日常業務過程中進行之重大關連及關聯人士交易如下：

		For the six months ended 30 September 截至九月三十日止六個月	
		2006 二零零六年 (unaudited) (未經審核)	2005 二零零五年 (unaudited) (未經審核)
		HK\$ 港元	HK\$ 港元
	<i>Notes 附註</i>		
Investment management fee paid to Upbest Assets Management Limited	支付投資管理費予美建管理有限公司 (a)	856,495	730,434
Brokerage commission paid to Upbest Securities Company Limited	支付經紀佣金予美建證券有限公司 (b)	247,536	168,459
Interest paid to Upbest Investment Company Limited	支付利息予美建投資有限公司 (c)	309,442	175,076
Custodian fee paid to Wing Hang Bank Limited	支付託管費予永亨銀行有限公司 (d)	30,383	30,565
Rental paid to Champion Assets Limited	支付Champion Assets Limited之租金 (e)	120,000	120,000

**13. Connected and related party transactions
(continued)***Notes:*

- (a) The Company has entered into investment management agreements with Upbest Assets Management Limited, the investment manager, for a period of three years commencing from 1 April 2006. This agreement can be terminated by either the Company or the investment manager serving not less than six months' notice in writing prior to the expiration of the three years period. Pursuant to this agreement, monthly investment management fee is payable at 1.5% per annum of the consolidated net asset value as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over 365 days a year.
- (b) Brokerage commission rate is charged at 0.25%, the prevailing market rate, of the value of the transactions.
- (c) Interest for margin account was charged at 12.5% per annum. The Company and two subsidiaries maintained margin accounts with Upbest Investment Company Limited to which the Company and two subsidiaries provided collateral for purchases of listed securities.

13. 關連及關聯人士交易 (續)*附註:*

- (a) 本公司與投資經理美建管理有限公司簽訂投資管理協議，由二零零六年四月一日起為期三年。三年期限屆滿前，本公司或投資經理可以以不少於六個月書面通知要求終上該協議。根據該協議，投資經理每月可按對上一個估值日綜合資產淨值 1.5% 之年率及有關月實際日數除以全年 365 日之基準收取投資管理費。
- (b) 經紀佣金乃按交易價值之 0.25% 計算，為市場普遍使用之百分比。
- (c) 孖展戶口利息乃按年率 12.5% 收取。本公司及兩家附屬公司已於美建投資有限公司開設孖展戶口，並提供抵押品以便購買上市證券。

13. Connected and related party transactions (continued)

Notes:

- (d) Pursuant to a custodian agreement dated 22 December 1999 between the Company and a custodian, the custodian agrees to provide securities custodian services to the Company including the safe custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group. The appointment of the custodian commenced on the date of commencement of trading of the Company's shares on the Stock Exchange and will continue in force until it is terminated by either party giving a written notice to the other party at any time.

The custodian is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules, but the custodian fee falls below the de-minimis threshold under Rule 14A.31(2) of the Revised Listing Rules.

13. 關連及關聯人士交易 (續)

附註:

- (d) 根據本公司與託管人於一九九九年十二月二十二日訂立之託管協議，託管人同意向本公司提供證券託管服務，包括本集團證券之妥善託管、本集團證券之結算、代表本集團領取股息及其他權益。託管人之委任期限自本公司股份於聯交所開始買賣日期起生效，並將持續有效，直至任何一方於任何時候以書面通知另一方予以終止為止。

根據上市規則第21.13條，託管人被視為本公司之關連人士，惟託管費乃低於上市規則（經修訂）第14A.31(2)條之最低限額。

13. Connected and related party transactions (continued)

Notes:

- (e) The Company has entered into a tenancy agreement with Champion Assets Limited for one year, commencing from 1 January 2005. The tenancy agreement was renewed for one year commencing from 1 January 2006. The total rent paid during the period from 1 April 2006 to 30 September 2006 is amounted to HK\$120,000. The transactions were carried out at an amount agreed by both parties. The entire issued share capital of Fung Fai Growth Limited is owned by a trust of which the discretionary objects are family members of Mr. Cheng Kai Ming, Charles. Including a director of the Company, Mr. Cheng Wai Lun, Andrew. The ultimate beneficial owner of the issued share capital of Champion Assets Limited is owned by Mr. Cheng Kai Ming, Charles..
- (f) Upbest Assets Management Limited, Upbest Securities Company Limited and Upbest Investment Company Limited are wholly-owned subsidiaries of Upbest Group Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange. The ultimate beneficial shareholder of the Company and Fung Fai Growth Limited, a substantial shareholder of the Company, holds indirectly 69.39% per cent interest in Upbest Group Limited as at 30 September 2006.

13. 關連及關聯人士交易 (續)

附註:

- (e) 本公司與 Champion Assets Limited 簽署一為期一年之租賃協議，於二零零五年一月一日起生效。租賃協議已重續一年，於二零零六年一月一日起生效。二零零六年四月一日至二零零六年九月三十日期間之已付租金總額為120,000港元。交易之金額由雙方同意協定。Fung Fai Growth Limited之全部已發行股本乃由一項信託持有，其酌情受益人乃鄭啟明先生之家族成員，包括本公司之董事鄭偉倫先生。Champion Assets Limited之已發行股本乃由鄭啟明先生最終實益擁有。
- (f) 美建管理有限公司、美建證券有限公司及美建投資有限公司均為美建集團有限公司（於開曼群島註冊成立之有限公司，其股份於聯交所上市）之全資附屬公司。本公司及本公司其中一位主要股東 Fung Fai Growth Limited 之最終受益股東於二零零六年九月三十日間接控制美建集團有限公司69.39%權益。