1. GENERAL

The Company was incorporated as an exempted company in Bermuda with its shares listed on The Stock Exchange of the Hong Kong Limited (the "Stock Exchange"). The trading of the Company's shares on the Stock Exchange has been suspended since 6 February 2003.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are set out in note 11 to the financial statements.

2. BASIS OF PREPARATION

During the year ended 31 March 2005, the Company and its subsidiaries (collectively referred to as the "Group") had accumulated losses of approximately HK$167,938,000 and net current liabilities of approximately HK$4,363,000.

The financial statements of the Group and Company have been prepared on a going concern basis, the validity of which is dependent upon the Group maintaining future profitable operations, continuing financial support from its shareholders and the undertakings of a director and a shareholder not to demand repayment of debts from the Company until such time when repayment will not affect the Company's ability to repay other creditors in the normal course of business. A director has confirmed that it is her present intention to provide sufficient financial resources to the Group so as to enable the Group both to meet is liabilities as they fall due and to carry on business as a going concern.

Should the Group and Company be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP") and interpretations issued by the HKICPA. These financial statements also comply with applicable disclosure provision of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. The financial statements are prepared under the historical cost convention. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Group accounting

(i) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries made up to 31 March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill/ negative goodwill or goodwill/ negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated income statement and any related accumulated foreign currency translation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

The balance sheet of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Intangibles

(i) Goodwill

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 subsidiary company at the date of acquisition.

Goodwill on acquisitions occurring on or after 1 January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. Goodwill arising on major strategic acquisitions of the Group to expand its product or geographical market coverage is amortised over a maximum period of 15 years. For all other acquisitions goodwill is generally amortised over 5-10 years.

Goodwill on acquisitions that occurred prior to 1 January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the income statement.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1 January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognized in the income statement when the future losses and expenses are recognized. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognized in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognized in the income statement immediately.

For acquisitions prior to 1 January 2001, negative goodwill was taken directly to reserves on acquisition.

(ii) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

(e) Impairment loss

At each balance sheet date, the Company assesses whether there is indication that interests in subsidiaries have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the smallest group of assets that generates cash flows independently.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment loss *(Continued)*

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is firstly charged against the related revaluation reserve to the extent of the amount held in the revaluation reserve with any excess recognized as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 recognized for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Operating leases

Leases where substantially all the rewards and risks of ownership of assets, including legal title, remain with the leasing party are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(g) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(h) Trade receivable

Provision is made against trade receivable to the extent that they are considered to be doubtful. Trade receivable in the balance sheet is stated net of such provision.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Company and Group has a legal or constructive obligation arising 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 can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of the one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Recognition of revenue

Revenue from the sale of goods is recognised, net of discounts and returns, on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and amounts repayable on demand with banks and financial institutions and short-term highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired, less advances from banks.

(l) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(m) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary 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.

(ii) Payment to the retirement benefit scheme are charged as an expense as they fall due.

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION

Turnover represents total invoiced value of goods supplied to customers after deduction of any goods returns and trade discounts.

GROUP

	2005	2004
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**7,802**	15,436
Other revenue		
Interest income	**–**	562
Other income	**–**	3
	–	565

The Group was principally engaged in trading of audio-visual products during the year. The analysis of turnover and contribution to (loss)/profit from operations by principal activities and geographical locations as follows:

By principal activities

	Trading of audio-visual products		**Assembling and distribution of home appliance products**		**Total**	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
			(Discontinued)			
Turnover	**7,802**	–	**–**	15,436	**7,802**	15,436
Segment results	**673**	–	**–**	38,649	**673**	38,649
Unallocated expenses					**(2,798)**	(2,144)
Loss/(profit) from operations					**(2,125)**	36,505
Finance costs					**(79)**	(3,549)
Loss/(profit) from ordinary activities before taxation					**(2,204)**	32,956
Taxation					**–**	–
Loss/(profit) from ordinary activities after taxation					**(2,204)**	32,956
Minority interest					**–**	–
Loss/(profit) attributable to shareholders					**(2,204)**	32,956

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION *(Continued)*

Geographical segment

	Segment revenue		Segment results	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Discontinued)		(Discontinued)
Hong Kong	**4,084**	–	**274**	–
PRC	**–**	15,436	**–**	38,649
South East Asia	**3,718**	–	**399**	–
	7,802	15,436	**673**	38,649

5. FINANCE COSTS

	2005	2004
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans and overdrafts	**–**	3,549
Other loan interest	**79**	–
	79	3,549

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the following:

	2005	2004
	HK$'000	*HK$'000*
Depreciation on owned assets	**–**	569
Exchange loss	**–**	4
Operating charges	**242**	50
Auditors' remuneration	**150**	200
Staff costs* (including directors' emoluments – *note 8*)	**370**	2,525

* *Staff costs included direct labour, salaries and allowances, wages, staff welfare and retirement benefit scheme contributions*

7. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profit for the year.

Overseas tax is provided in accordance with the legislation and tax rates prevailing in the respective overseas countries.

	2005	2004
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong profits tax	**–**	–
Overseas tax		
– Company and subsidiaries	**–**	–

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise amount that would arise using the Hong Kong profits tax rate applicable to the Group as follows:

	2005	2004
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(2,204)**	32,956
Calculated at a taxation rate of 17.5%	**(385)**	5,767
Income not subject to tax	**–**	(6,877)
Expenses not deductible for tax purposes	**330**	1,127
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	(17)
Tax losses for which no deferred income tax asset was recognised	**55**	–
Taxation charge	**–**	–

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Companies Ordinance for the year is HK$160,000 (2004: HK$25,000)

Of the five individuals with the highest emoluments, two (2004: one) are directors. The aggregate of the emoluments in respect of the five (2004: five) individuals are as follows:

GROUP

	2005 **HK$'000**	2004 HK$'000
Salaries and other emoluments	**160**	315
Bonuses	**–**	–
Retirement scheme contributions	**–**	–
	160	315

The emoluments of the five (2004: five) individuals with the highest emoluments are with the following bands:

GROUP

	2005 Number of Individuals	2004 Number of Individuals
HK$Nil – HK$1,000,000	**5**	5
HK$1,000,001 – HK$2,500,000	**–**	–
	5	5

9. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated loss attributable to shareholders includes a loss of HK$1,706,000 (2004: HK$6,137,000) which has been dealt with in the financial statements of the Company.

10. (LOSS)/PROFIT PER SHARE

The calculation of basic (loss)/profit per share is based on the (loss)/profit attributable to shareholders of approximately loss of HK$2,204,000 (2004: profit of HK$32,956,000) and the weighted average of 364,600,000 ordinary shares (2004: 364,600,000) during the year.

11. INTERESTS IN SUBSIDIARIES

COMPANY

	2005	2004
	HK$'000	*HK$'000*
Investments at cost Unlisted shares	**–**	10
Amount due from a subsidiary	**15**	4,004
Amount due to subsidiaries	**(958)**	(1,002)
	(943)	3,012
Less: Impairment loss in value	**–**	(4,004)
	(943)	(992)

The amounts due from and to subsidiaries are unsecured, interest free and have no fixed repayment terms.

Particulars of the subsidiaries at 31 March 2005 are as follows:

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held by the Company Direct	Percentage of issued capital held by the Company Indirect	Principal activities
Chong Sun Securities Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Asset Direct Trading Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Capital Spirit Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Moral Access Limited	Hong Kong	HK$10,000	–	100%	Trading
Gold Joy Industrial Limited	Hong Kong	HK$1	–	100%	Inactive
Gold Max Industrial Limited	Hong Kong	HK$1	–	100%	Inactive
Kingston Trading Limited	Hong Kong	HK$1	–	100%	Inactive

12. TRADE RECEIVABLE

GROUP

	2005 HK$'000	2004 HK$'000
Trade receivables	70	–
Less: Provision for doubtful debts	–	–
	70	–

Included in trade receivables are trade debtors (net of specific allowances for bad and doubtful debts) with the following ageing analysis:

	2005 HK$'000	2004 HK$'000
0-30 days	–	–
31-60 days	–	–
61-90 days	–	–
Over 90 days	70	–
Less: provision for doubtful debts	–	–
	70	–

13. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest free and has no fixed repayment terms.

14. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest free and has no fixed repayment terms.

15. OTHER LOAN (UNSECURED)

The loan of HK$1,000,000 is unsecured, interest bearing at 7% per annum and repayable not later than one year from the date of its drawndown. At 31 March 2005, the loan was overdue. The remaining balance of HK$3,000,000 is interest free and unsecured.

16. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured and interest free. The shareholder has agreed not to demand repayment within next twelve months from the balance sheet date.

17. DEFERRED TAXATION

No deferred taxation has been provided in the financial statements as there are deferred income tax assets arising from tax losses.

Deferred income tax assets are recognized for tax loss carry forwards to the extent that realization of the related tax benefit through the future taxable profits is probable. The Company has unrecognized tax losses of HK$313,733 (2004: HK$Nil) to carry forward against future taxable income. This tax loss has no expiry date.

18. SHARE CAPITAL

COMPANY

	2005	2004
	HK$'000	*HK$'000*
Authorized:		
600,000,000 ordinary shares of HK$0.1 each	**60,000**	60,000
Issued and fully paid:		
364,600,000 ordinary shares of HK$0.1 each	**36,460**	36,460

Under a share option scheme approved by the shareholders, the directors of the Company may, at their discretion, invite full-time employees including executive directors to take up options to subscribe for shares in the Company representing up to a maximum of 10% of the shares in issue from time to time (excluding shares issued on exercise of option under the share option scheme). No share option was granted by the Company during the year.

19. RESERVE

GROUP

	Share premium	**Capital reserve**	**Translation reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 01/04/2003	42,823	81,869	–	(198,768)	(74,076)
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	78	–	78
Written off of translation reserve	–	–	(78)	78	–
Profit for the year	–	–	–	32,956	32,956
At 31/03/2004 and 01/04/2004	42,823	81,869	–	(165,734)	(41,042)
Loss for the year	–	–	–	(2,204)	(2,204)
At 31/03/2005	42,823	81,869	–	(167,938)	(43,246)

19. RESERVE *(Continued)*

COMPANY

	Share premium *HK$'000*	Capital reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 01/04/2003	42,823	81,869	–	(159,575)	(34,883)
Loss for the year	–	–	–	(6,137)	(6,137)
At 31/03/2004 and 01/04/2004	42,823	81,869	–	(165,712)	(41,020)
Loss for the year	–	–	–	(1,706)	(1,706)
At 31/03/2005	42,823	81,869	–	(167,418)	(42,726)

20. RETIREMENT BENEFITS SCHEME

The Company has joined the Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance. The Company contributes 5% of the relevant income of staff members under the MPF Scheme. The assets of the Scheme are held separately from those of the company, in funds under the control of trustee.

The Company's contribution to the scheme for the year was HK$6,290 (2004: nil).