NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants (the "HKSA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and on a basis consistent with the principal accounting policies and methods of computation adopted in the Group's annual financial statements for the year ended 30 June 2002 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing after 1 January 2002:

SSAP 1 (revised)	Presentation of financial statements
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements
SSAP 34	Employee benefits

The major effects of adopting these accounting policies are set out below:

SSAP 1 (revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with the revised SSAP.

SSAP 11 (revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of this revised SSAP on the condensed consolidated financial statements is that the profit and loss account of subsidiaries, associate and jointly controlled entities operating in overseas are translated at an average rate for the period on consolidation, rather than translated at the applicable rates of exchange ruling at the balance sheet date as was previously required. This revised SSAP is required to be applied retrospectively. This revised SSAP has not had any material impact on these interim financial statements.

SSAP 15 (revised) prescribes the provision of information about the historical changes in cash and cash equivalents by means of a cash flow statement which classified cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative figures are presented in accordance with the revised SSAP.

SSAP 34 prescribes the accounting and disclosure for employee benefits. This SSAP has had no major impact on these interim financial statements.

2. Segment information

The Group is principally engaged in the investment in listed and unlisted companies and all the investment decisions are made in Hong Kong SAR. Accordingly, no analysis of business segment is provided. No geographical analysis is presented as none of the Group's turnover, contribution to operating profit, assets and liabilities are attributable to markets outside the People's Republic of China (the "PRC") (including Hong Kong).

3. Turnover and revenue

The Group is principally engaged in the investment in listed and unlisted companies. Revenue of the Group recognised during the period are as follows:

	Six months ended 31 December (Unaudited)	
	2002	2001
	HK$	*HK$*
Turnover		
Proceeds from sale of trading securities	**3,503,171**	1,172,700
Other revenue		
Interest income	**5,796**	211,629
Total revenue	**3,508,967**	1,384,329

4. Operating loss

The Group's operating loss is arrived at after charging:

	Six months ended 31 December (Unaudited)	
	2002	2001
	HK$	*HK$*
Depreciation	**47,025**	43,383
Staff costs (excluding directors' remuneration)	**315,089**	208,140
Operating leases rentals on land and buildings	**380,948**	184,092

5. Finance costs

	Six months ended 31 December (Unaudited)	
	2002	2001
	HK$	*HK$*
Interest expense on short term loan	**97,132**	–

6. Tax

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits during the six months ended 31 December 2002 (2001: Nil).

7. Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 31 December 2002 (2001: Nil).

8. Loss per share

The calculation of the basic loss per share is based on the net loss for the period attributable to shareholders of HK$2,463,785 (2001: HK$2,514,673) and 40,000,000 (2001: 40,000,000) ordinary shares in issue during the period.

No diluted loss per share for 2002 and 2001 is presented as there were no dilutive effects on the basic loss per share for the period.

9. Investment securities

	31 December 2002	30 June 2002
	(Unaudited)	(Audited)
	HK$	*HK$*
Unlisted equity securities, at fair value	**23,500,000**	20,000,000

10. Trading securities

	31 December 2002 (Unaudited) *HK$*	30 June 2002 (Audited) *HK$*
Listed equity securities in Hong Kong, at market value	–	793,180

11. Amount due to a director

The amount due to a director is interest-free, unsecured and has no fixed terms of repayment.

12. Short term loan

	31 December 2002 (Unaudited) *HK$*	30 June 2002 (Audited) *HK$*
Short term loan, unsecured	**1,500,000**	–

On 20 September 2002, the Company entered into an agreement with Gooders International Investment Limited ("Gooders"). Gooders agreed to advance to the Company a bridging loan up to a limit of HK$2 million for a period of 3 months. The balance is unsecured, bears interest at the rate of 2% per month.

On 19 December 2002, Gooders agreed to extend the loan to the Company for another 3 months with an interest rate of 1.25% per month. The balance remains unsecured.

13. Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business, are summarised as follows:

		Six months ended 31 December (unaudited)	
		2002	2001
	Notes	***HK$***	*HK$*
Investment management fee paid to Glory Investment Assets Limited	*(a)*	**296,817**	405,038

(a) Pursuant to the Investment Management Agreement dated 24 May 2001 between the Company and Glory Investment Assets Limited (the "Investment Manager"), the Investment Manager provides investment management services and general administrative services to the Group. Under this arrangement, the Investment Manager is entitled to a monthly management fee payable in advance at 2.5% per annum of the net asset value of the Group at the end of the preceding month on the basis of the actual number of days in the relevant calendar month over a year of 365 days. In addition, the Investment Manager is also entitled to 15% of the surplus in net asset value of the Group over a financial year or period.

Pursuant to a supplemental agreement to the Investment Management Agreement dated 25 June 2002 entered into between the Company and the Investment Manager (the "Supplemental Agreement"), the monthly management fee payable in advance was reduced from 2.5% per annum to 2.0% per annum of the net asset value of the Group as at the end of the preceding month, calculated on the basis of the actual number of days in the relevant calendar month over a year of 365 days. The Supplemental Agreement became effective on 2 August 2002.

Ms. Chiu Kam Hing Kathy, an executive director of the Company, has 30% equity interests in the Investment Manager.