

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2003

1. BASIS OF PREPARATION

The condensed 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 of Hong Kong Limited and with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investment in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2003, except that in the current period, the Group has adopted, for the first time, the revised SSAP 12 "Income Taxes" issued by the HKSA. The adoption of the revised SSAP 12 has had no material effect on the Group's results for the current or prior periods.

Plant and equipment

Plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Office equipment	20%
Leasehold improvement	25%
Furniture and fixtures	20%
Computer equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3. SEGMENTAL INFORMATION

All of the Group's turnover for the six month ended 30th September, 2003 and contribution to operating results are attributable to investment activities which are mainly located in Hong Kong.

4. TURNOVER

The Group has no revenue during the six months ended 30th September, 2003. An analysis of the Group's turnover is as follows:

	Six months ended	
	30.9.2003 HK\$'000	30.9.2002 HK\$'000
Dividend income – listed	–	235
Interest income	–	135
	<u>–</u>	<u>370</u>

5. LOSS BEFORE TAXATION

	Six months ended	
	30.9.2003 HK\$'000	30.9.2002 HK\$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration		
– fees	19	20
– other emoluments	600	517
Retirement benefits scheme contributions	20	16
Other staff costs	144	90
	<u>783</u>	<u>643</u>
Total staff costs	783	643
Auditor's remuneration	–	54
Depreciation	99	35
Investment management fee	211	431
	<u>211</u>	<u>431</u>

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group had no assessable profit in both periods.

At 30th September, 2003, a deferred tax asset of approximately HK\$1,560,000 (31st March, 2003: approximately HK\$1,200,000) in respect of tax losses available to offset future profits was not recognised in the financial statements as it is not certain that such benefits will be crystallised in the foreseeable future.

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2003 (six months ended 30th September, 2002: Nil).

8. LOSS PER SHARE – BASIC

The calculation of the loss per share is based on the loss for the six months ended 30th September, 2003 of approximately HK\$5,539,000 (six months ended 30th September, 2002: approximately HK\$11,351,000) and on the weighted average number of approximately 254,652,000 (six months ended 30th September, 2002: the number of 246,568,000) shares in issue during the period.

9. PLANT AND EQUIPMENT

HK\$'000

COSTS

At 1st April, 2003
Additions

850
19

At 30th September, 2003**869**

DEPRECIATION

At 1st April, 2003
Provided for the period

118
99

At 30th September, 2003**217**

NET BOOK VALUE

At 30th September, 2003**652**

At 31st March, 2003

732

10. INVESTMENTS IN SECURITIES

30.9.2003
HK\$'000

31.3.2003
HK\$'000

Other securities:

Equity securities listed in Hong Kong, at cost
Unrealised loss

9,541
(6,340)

13,046
(5,456)

Market value
Unlisted equity securities, at fair value

3,201
2,406

7,590
3,061

5,607

10,651

Carrying amount analysed for reporting purposes is as follows:

Non-current

5,607

10,651

11. AMOUNT DUE TO A RELATED COMPANY

The amount represents an amount due to TIS Securities (HK) Limited ("TIS"). Mr. Tai Chi Ching (director of the Company and resigned on 1st December, 2003) is also director of TIS. The amount is unsecured, interest-free and has no fixed repayment terms.

12. SHARE CAPITAL

	30.9.2003 HK\$'000	31.3.2003 <i>HK\$'000</i>
Authorised:		
1,000,000,000 ordinary shares of HK\$0.01 each	10,000	10,000
Issued and fully paid:		
295,880,000 (31.3.2003: 246,568,000 ordinary shares of HK\$0.01 each)	2,959	2,466

On 1st September, 2003, the Company placed 49,312,000 new shares ("Placing Shares") of HK\$0.01 each to independent third party. The Placing Shares were allotted and issued at a price of HK\$0.10 per Placing Share ("Placement"). The gross proceeds from the Placement were approximately HK\$4,931,000 and were used as general working capital. The premium of HK\$4,438,080 being the excess of consideration over the nominal value of the shares issued, was credited to the share premium account.

13. NET ASSETS VALUE PER SHARE

The calculation of the net assets value per share is based on the net assets of the Group as at 30th September, 2003 of approximately HK\$30,354,000 (31st March, 2003: approximately HK\$32,014,000) and 295,880,000 (31st March, 2003: 246,568,000) ordinary shares in issue as at that date.

14. RELATED PARTY TRANSACTION

For the six months ended 30th September, 2003, the Group paid investment management fees of approximately HK\$211,000, in which HK\$194,000 was payable (six months ended 30th September, 2002: approximately HK\$431,000) to AVANTA Investment (International) Limited, a company in which Mr. Tai Chi Ching is also a director.