

## 1 General

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26th July 2002.

The investment objective of the Company is to achieve earnings in the form of medium to long-term (i.e. one to five years) capital appreciation mainly through investments in listed and unlisted companies in the Greater China.

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 20th March 2003.

## 2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention, except that, as disclosed in the principal accounting policies below, certain investment in securities are stated at fair value.

In the current year, the Company has adopted the revised Hong Kong Statement of Standard Accounting Practice 12 "Income Taxes" ("SSAP 12 (revised)") issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003.

The principal effect of the implementation of SSAP 12 (revised) is in relation to deferred taxation. In previous period, partial provision was made for deferred taxation using the income statement liability method in which liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred taxation is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. This change in accounting policy has not had any material effect on the results for the prior accounting period. Accordingly, no prior period adjustment is required.

The changes to the Company's accounting policy upon the adoption of SSAP 12 (revised) are set out in note 3(K) below.

# Notes to the Financial Statements

For the year ended 31st March 2004

## 3 Principal accounting policies

### (A) REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

- (i) Dividend income is recognised when the right to receive payment is established;
- (ii) Gains or losses on disposal of investment securities and other investments are recognised on the trade date when sale and purchase contracts are entered into; and
- (iii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

### (B) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses and are depreciated at rates sufficient to write off their cost over their estimated useful lives on a straight line basis. The principal annual rates are as follows:

Furniture	25%
Computer equipment	25%
Fixtures	Over the lease term

Major costs incurred in restoring plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to the Company.

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

## 3 Principal accounting policies (Continued)

### (C) INVESTMENTS IN SECURITIES

Investments in securities are recognised on a trade date basis and are initially measured at cost.

Investment securities are securities, which are intended to be held on a continuing basis and which are held for strategic purpose, stated at cost less impairment losses, if any. The carrying amount of individual investment securities are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investment securities is reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement. This impairment loss is written back to income statement when the circumstances and events that let to the write-down or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Other investments are carried at fair value. At each balance sheet date the net unrealised gains and losses arising from the changes in fair value of other investments are recognised in the income statement. Gains or losses on disposal of other investments representing the difference between the net sales proceeds and the carrying amounts and are recognised in the income statement as they arise.

### (D) IMPAIRMENT OF ASSETS

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

Reversal of impairment loss recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. 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.

### (E) OPERATING LEASES

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company 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.

# Notes to the Financial Statements

For the year ended 31st March 2004

## 3 Principal accounting policies (Continued)

### (F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand, demand deposits and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. For the purpose of cash flow, bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents.

### (G) PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount 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.

### (H) EMPLOYEE BENEFITS

The Company has participated in a defined contribution Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance. The assets of the Scheme are held separately from those of the Company in an independently administered fund. The Scheme is generally funded by payments from employees and by the Company. The Company's contributions to the Scheme are expensed as incurred in accordance with the rules of the Scheme and are not reduced by contributions forfeited by those employees who leave the Scheme prior to vesting fully in the contributions.

### (I) FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into Hong Kong dollars at the approximate rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

### (J) 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 other 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. Related parties may be individuals or corporate entities.

## 3 Principal accounting policies (Continued)

### (K) TAXATION

Income tax comprises current tax and movements in deferred tax assets and liabilities. 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.

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 financial statements. 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.

### (L) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

## 4 Turnover

The Company principally engaged in medium to long-term investments in listed and unlisted securities in the Greater China. Turnover represented dividend income from investments in securities during the year.

## 5 Segment information

No segment information is presented as all of the turnover, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong.

# Notes to the Financial Statements

For the year ended 31st March 2004

## 6 Profit / (Loss) from operations

Profit / (Loss) from operations is stated after charging the following:

	<b>Year ended 31st March 2004 HKD</b>	Period from 26th July 2002 to 31st March 2003 HKD
Auditors' remuneration	<b>150,000</b>	80,000
Contributions to retirement benefits scheme (already included in staff costs)	<b>15,000</b>	3,315
Depreciation	<b>35,885</b>	3,460
Investment management fee	<b>879,059</b>	23,150
Loss on disposal of plant and equipment	<b>13,358</b>	–
Performance fee	<b>1,447,200</b>	–
Operating lease payments in respect of office premises	<b>108,000</b>	3,484
Staff costs (including directors' emoluments, <i>note 10</i> )	<b>583,387</b>	86,000

## 7 Taxation

Hong Kong profits tax is provided at 17.5% (2003: 16%) based on the estimated assessable profit for the year. In 2003 the Hong Kong government enacted a change in the profits tax rate from 16% to 17.5% for the year of assessment 2003/2004.

The amount of taxation charged to the income statement represents:

	<b>Year ended 31st March 2004 HKD</b>	Period from 26th July 2002 to 31st March 2003 HKD
Hong Kong profits tax		
– current	<b>2,226,595</b>	–
– deferred taxation relating to origination of temporary differences ( <i>note 14</i> )	<b>601,631</b>	–
Taxation	<b>2,828,226</b>	–



## 7 Taxation (Continued)

The taxation on the Company's profit / (loss) before taxation differs from the theoretical amount that would arise using the taxation rate is as follows:

	<b>Year ended 31st March 2004 HKD</b>	Period from 26th July 2002 to 31st March 2003 HKD
Profit / (Loss) before taxation	<u>17,306,560</u>	<u>(319,784)</u>
Tax at Hong Kong profits tax rate of 17.5% (2003:16%)	<b>3,028,648</b>	(51,165)
Tax effect of income that is not taxable in determining taxable profit	<b>(139,692)</b>	(4,359)
(Tax effect of utilisation of net deferred tax asset not previously recognised)/Net deferred tax asset not recognised	<b>(55,524)</b>	55,524
Increase in opening net deferred tax asset resulting from an increase in tax rate	<u><b>(5,206)</b></u>	<u>–</u>
Taxation	<u><b>2,828,226</b></u>	<u>–</u>

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## 8 Final dividend proposed

	<b>Year ended 31st March 2004 HKD</b>	Period from 26th July 2002 to 31st March 2003 HKD
Final dividend proposed – HKD0.10 (2003: Nil) per ordinary share	<u><b>10,000,000</b></u>	<u>–</u>

At a meeting of the board of directors (the "Board") held on 15th July 2004, the directors proposed a final dividend of HKD0.10 per ordinary share and is subject to approved by the shareholders at the forthcoming annual general meeting. This proposed dividend is not reflected as a dividend payable in these financial statements but it will be reflected as an appropriation of accumulated profits for the year ending 31st March 2005.

## 9 Basic earnings / (loss) per share

The calculation of basic earnings / (loss) per share is based on the Company's net profit attributable to shareholders of HKD14,478,334 (2003: Net loss of HKD319,784) divided by the weighted average number of ordinary shares outstanding during the Year, being 100,000,000 (2003: 9,375,000).

There were no dilutive potential shares during the Year and period ended 31st March 2003, therefore, no diluted earnings/(loss) per share has been presented.

# Notes to the Financial Statements

For the year ended 31st March 2004

## 10 Directors' and five highest paid individuals' emoluments

The aggregate amounts of emoluments paid to directors, which are also included in staff costs as disclosed in note 6, of the Company during the year are as follows:

	<b>Year ended 31st March 2004 HKD</b>	Period from 26th July 2002 to 31st March 2003 HKD
Directors' fees	<b>300,000</b>	39,453
Other emoluments		
Basic salaries and other benefits	<b>260,000</b>	43,232
Contributions to retirement benefits scheme (note 21)	<b>15,000</b>	3,315
	<b>575,000</b>	86,000

Included in the directors' emoluments were fees of HKD202,000 (2003: HKD27,617) paid to the independent non-executive directors during the year ended 31st March 2004.

During the year ended 31st March 2004, there was no amount (2003: Nil) paid to directors as an inducement to join or upon joining the Company and no director waived any emoluments.

The emoluments of the directors fell within the following band:

	<b>Year ended 31st March 2004 Number of directors</b>	Period from 26th July 2002 to 31st March 2003 Number of directors
Emolument band: HKDNil – HKD1,000,000	<b>5</b>	5

All of the five individuals whose emoluments were the highest in the Company for the year/period are directors whose emoluments are reflected in the analysis presented above.





# Notes to the Financial Statements

For the year ended 31st March 2004

## 11 Plant and equipment

	Furniture HKD	Computer equipment HKD	Fixtures HKD	Total HKD
<b>Cost</b>				
At 1st April 2003	14,055	30,880	30,285	75,220
Disposal	(14,055)	–	(30,285)	(44,340)
At 31st March 2004	–	30,880	–	30,880
<b>Accumulated depreciation</b>				
At 1st April 2003	293	643	2,524	3,460
Charge for the year	2,927	7,720	25,238	35,885
Disposal	(3,220)	–	(27,762)	(30,982)
At 31st March 2004	–	8,363	–	8,363
<b>Net book value</b>				
<b>At 31st March 2004</b>	<b>–</b>	<b>22,517</b>	<b>–</b>	<b>22,517</b>
At 31st March 2003	13,762	30,237	27,761	71,760

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## 12 Investments in securities

	2004 HKD	2003 HKD
<b>Non-current assets</b>		
<b>Investment securities</b>		
Unlisted equity securities, at cost	75,000	–
<b>Current assets</b>		
<b>Other investments</b>		
Equity securities listed in Hong Kong, at market value	22,730,560	–
	<b>22,805,560</b>	–

# Notes to the Financial Statements

For the year ended 31st March 2004

## 12 Investments in securities (Continued)

Details of the Company's investments in securities at 31st March 2004 are as follows:

### (A) UNLISTED EQUITY SECURITIES

Name of investee company	Place of incorporation	Particular of issued shares held	Proportion of investee company's capital owned	Investment value		Percentage of total assets of the Company	Net assets attributable to the Company (Note 2)
				Acquisition cost	Carrying amount		
				HKD	HKD		HKD
Creative Energy (Asia) Limited	Hong Kong	1,500 ordinary shares of HKD1.00 each (Note 1)	15.00%	75,000	75,000	0.11%	428,400

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Notes:

- (1) On 21st April 2004, 73,500 ordinary shares of HKD1.00 each were further allotted and issued to the Company.
- (2) The calculation of net assets attributable to the Company is based on the management accounts of investee company at 31st March 2004.
- (3) No comparative figures for 2003 is provided as the Company had not commenced operation or business during the period ended 31st March 2003.

A brief description of the business and financial information of the unlisted investee company, based on its management accounts, is as follows:

Creative Energy (Asia) Limited ("CEAL") is principally engaged in provision of services for environmental energy saving including design, implementation of energy efficiency management solutions system and retrofit projects with energy performance contract mechanism. No dividend was received during the year. The unaudited profit attributable to shareholders of CEAL for the period ended 31st March 2004 was approximately HKD2,356,000 and the unaudited net asset value of CEAL at 31st March 2004 was approximately HKD2,856,000.



## 12 Investments in securities (Continued)

### (B) EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE

Name of investee company	Place of incorporation	Particular of issued shares held	Proportion of investee company's capital owned	Investment value			Percentage of total assets of the Company	Net assets attributable to the Company (Note 1)
				Acquisition cost	Market value	Unrealised holding gain/(loss)		
				HKD	HKD	HKD		HKD
(i) Asia Standard International Group Limited	Bermuda	6,892,000 ordinary shares of HKD0.01 each	0.17%	2,905,206	2,618,960	(286,246)	4.01%	11,315,339
(ii) China Data Broadcasting Holdings Limited	Bermuda	5,000,000 ordinary shares of HKD0.025 each	1.57%	9,534,875	14,000,000	4,465,125	21.45%	280,747
(iii) Jinhui Holdings Company Limited	Hong Kong	210,000 ordinary shares of HKD1.00 each	0.40%	6,550,965	5,775,000	(775,965)	8.85%	1,970,788
(iv) SunCorp Technologies Limited	Bermuda	340,000 ordinary shares of HKD0.10 each	0.11%	320,539	336,600	16,061	0.52%	101,197
				<b>19,311,585</b>	<b>22,730,560</b>	<b>3,418,975</b>		

Notes:

- (1) The calculation of net assets attributable to the Company is based on the latest published interim reports or annual reports of respective investee companies at the balance sheet date.
- (2) No comparative figures for 2003 is provided as the Company had not commenced operation or business during the period ended 31st March 2003.

## 12 Investments in securities (Continued)

### (B) EQUITY SECURITIES LISTED ON THE STOCK EXCHANGE (Continued)

A brief description of the business and financial information of the listed investee companies, based on their latest published interim reports or annual reports, is as follows:

- (i) Asia Standard International Group Limited ("ASIGL") is principally engaged in property development and investment, hotel, travel agency and catering operations. No dividend was received during the year. The unaudited loss attributable to shareholders of ASIGL for the six months ended 30th September 2003 was approximately HKD121,199,000 and the unaudited net asset value of ASIGL at 30th September 2003 was approximately HKD6,656,082,000.
- (ii) China Data Broadcasting Holdings Limited ("CDBHL") is principally engaged in manufacturing and selling of data broadcasting hardware and software, provision of data broadcasting and related services and trading of consumer electronic products and the related parts and components, including digital versatile disc players. No dividend was received during the year. The audited profit attributable to shareholders of CDBHL for the year ended 31st December 2003 was approximately HKD1,302,000 and the audited net asset value of CDBHL at 31st December 2003 was approximately HKD17,882,000.
- (iii) Jinhui Holdings Company Limited ("JHCL") is principally engaged in the businesses of ship catering, ship owning and trading. No dividend was received during the year. The audited profit attributable to shareholders of JHCL for the year ended 31st December 2003 was approximately HKD36,676,000 and the audited net asset value of JHCL at 31st December 2003 was approximately HKD492,697,000.
- (iv) SunCorp Technologies Limited ("SCTL") is principally engaged in designing and marketing of telephones to major telecom companies and distributors in Europe and Asia-Pacific. The Company received a dividend income of HKD5,100 during the year. The audited profit attributable to shareholders of SCTL for the year ended 31st December 2003 was approximately HKD51,718,000 and the audited net asset value of SCTL at 31st December 2003 was approximately HKD91,997,000.

## 13 Deposit for an unlisted equity investment

On 4 February 2004, the Company entered into a subscription agreement to subscribe for 1,000,000 common shares of USD0.10 each of Pacific Life Science Holdings Limited, a company engaged in private ventures in the life sciences industry and HKD778,000, being the full subscription amount, was paid by the Company.

## 14 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using a principal taxation rate of 17.5% (2003: 16%).

The movement on the deferred tax liabilities account is as follows:

	2004 HKD	2003 HKD
Deferred tax liabilities at the beginning of the year/period	–	–
Charge to income statement for the year/period	<b>601,631</b>	–
Deferred tax liabilities at the end of the year/period	<b>601,631</b>	–

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The major deferred tax liabilities recognised by the Company are as follows:

	2004 HKD	2003 HKD
Accelerated tax depreciation	<b>3,311</b>	–
Net unrealised holding gain on other investments	<b>598,320</b>	–
	<b>601,631</b>	–

# Notes to the Financial Statements

For the year ended 31st March 2004

## 15 Share capital

	2004 HKD	2003 HKD
<i>Authorised:</i>		
200,000,000 ordinary shares of HKD0.10 each	<b>20,000,000</b>	20,000,000
<i>Issued and fully paid:</i>		
At 1st April 2003: 100,000,000 ordinary shares at HKD0.10 each (Upon incorporation: 1 ordinary share allotted and issued at HKD0.10)	<b>10,000,000</b>	–
99,999,999 ordinary shares allotted and issued at HKD0.10 each	–	10,000,000
At 31st March: 100,000,000 ordinary shares of HKD0.10 each	<b>10,000,000</b>	10,000,000

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- (a) The Company was incorporated on 26th July 2002 with an authorised share capital of HKD20,000,000 divided into 200,000,000 ordinary shares of HKD0.10 each. Upon incorporation, one ordinary share was allotted and issued, credited as fully paid, to the initial subscriber. Pursuant to a written resolution of the Board dated 23rd September 2002, this one ordinary share was transferred to Oriental Patron Financial Services Group Limited (“OPFSGL”) at par.
- (b) On 26th February 2003, the issued share capital of the Company was increased to HKD2,500,000 by allotting and issuing 24,999,999 ordinary shares of HKD0.10 each with issue price of HKD0.50 each to OPFSGL.
- (c) On 17th March 2003, 75,000,000 ordinary shares of HKD0.10 each with issue price of HKD0.50 each were allotted and issued to the public for a total cash consideration, before related expenses, of HKD37,500,000 for funding of future investments.



## 16 Share options

Under the Company's share option scheme adopted on 19th March 2003, the Board may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to certain selected classes of participants (including, among others, full-time employees) of the Company, an option to subscribe for shares as incentives or rewards for their contribution to the Company. The subscription price will be determined by the Board (subject to adjustment), and will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of the shares of the Company. A nominal consideration of HKD1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other share option schemes adopted by the Company may not exceed 30% of the share capital of the Company in issue from time to time. An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made.

No option has been granted or agreed to be granted under the share option scheme since its adoption.

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## 17 Reserves

	Share premium HKD	Accumulated (losses) / profits HKD	Total HKD
Issue of shares at premium	40,000,000	–	40,000,000
Share issue expenses	(3,406,892)	–	(3,406,892)
Net loss for the period	–	(319,784)	(319,784)
At 31st March 2003 and at 1st April 2003	36,593,108	(319,784)	36,273,324
Net profit for the year	–	14,478,334	14,478,334
<b>At 31st March 2004</b>	<b>36,593,108</b>	<b>14,158,550</b>	<b>50,751,658</b>
<b>Representing:</b>			
<b>2004 final dividend proposed</b>	–	<b>10,000,000</b>	<b>10,000,000</b>
<b>Others</b>	<b>36,593,108</b>	<b>4,158,550</b>	<b>40,751,658</b>
	<b>36,593,108</b>	<b>14,158,550</b>	<b>50,751,658</b>

# Notes to the Financial Statements

For the year ended 31st March 2004

## 17 Reserves (Continued)

Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, share premium of the Company is distributable to the shareholders of the Company subject to the provisions of the Memorandum and Articles of Association and provided that the Company is able to pay its debts as they fall due in the ordinary course of business immediately following the distribution of dividends.

The Company's reserves available for distribution comprise the share premium and accumulated profits/ (losses). In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31st March 2004 was HKD50,751,658 (2003: HKD36,273,324).

## 18 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Company at 31st March 2004 of HKD60,751,658 (2003: HKD46,273,324) by the number of ordinary shares in issue at that date, being 100,000,000 (2003: 100,000,000).

## 19 Lease commitments

At 31st March 2004 the total future minimum lease payments under non-cancellable operating leases for the premises are payable as follows:

Within one year

2004	2003
HKD	HKD
<b>94,500</b>	104,516





## 20 Related party transactions

During the year ended 31st March 2004, the Company had entered into the following significant related party transactions which, in the opinion of the directors, were carried out on normal commercial terms and in ordinary course of the Company's business:

Name of related party	Nature of transactions and balances	2004 HKD	2003 HKD
OPFSGL ( <i>note a</i> )	Rental paid ( <i>note e</i> )	<b>94,500</b>	3,484
OPFSGL	Prepaid rental ( <i>note e</i> )	–	5,516
Oriental Patron Asia Limited ("OPAL") ( <i>note b</i> )	Investment management fee paid/ payable (of which HKD79,706 (2003: HKD23,150) was included in accrued charges) ( <i>note f</i> )	<b>879,059</b>	23,150
OPAL	Accrued performance fee ( <i>note f</i> )	<b>1,447,200</b>	–
OPAL	Sponsor fee paid ( <i>note g</i> )	–	300,000
OPAL	Underwriting fee paid ( <i>note h</i> )	–	800,250
Oriental Patron Securities Limited ("OPSL") ( <i>note c</i> )	Commission paid ( <i>note i</i> )	<b>551,857</b>	–
Oriental Patron Finance Limited ("OPFL") ( <i>note d</i> )	Rental paid ( <i>note j</i> )	<b>13,500</b>	–

Notes:

- (a) OPFSGL is a substantial shareholder of the Company which had an interest of 25% in the issued share capital of the Company at 31st March 2004 (2003: 25%). The directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have beneficial interests in OPFSGL.
- (b) OPAL (trading as Oriental Patron Fund Management for its fund management activities) is the investment manager of the Company and is a wholly owned subsidiary of OPFSGL.
- (c) OPSL is a wholly owned subsidiary of OPFSGL.
- (d) OPFL is a fellow subsidiary of OPFSGL.
- (e) The Company entered into a licence agreement with OPFSGL on 26th February 2003 in respect of the provision of the principal place of business of the Company for a term of one year at a monthly rental of HKD9,000. The licence agreement has been terminated with effect from 16th February 2004 and replaced by a new licence agreement with OPFL (*note j*).

# Notes to the Financial Statements

For the year ended 31st March 2004

## 20 Related party transactions (Continued)

Notes (Continued):

- (f) The investment management fee is charged in accordance with the agreement with OPAL for investment management services. The monthly investment management fee is calculated at 1.5% per annum on the Net Asset Value of the Company at each preceding month end as defined in the agreement. The performance fee represented 10% of the net increase in the Net Asset Value per Share as at the Performance Fee Valuation Day as defined in the agreement.
- (g) The sponsor fee was based on a mutually agreed rate pursuant to an agreement.
- (h) The underwriting fee was charged at 2.5% on underwriting commitment to placing and new issue shares of the Company.
- (i) The commission fee was charged at 0.25% of the value of each transaction. These transactions arose from the sale and purchase transactions of listed securities through OPSL with which the Company holds a securities dealing account.
- (j) The Company entered into a licence agreement with OPFL on 1st November 2003 in respect of the provision of the principal place of business of the Company for a term of one year at a monthly rental of HKD9,000 with effect from 16th February 2004.

### 21 Retirement benefits scheme

The Company contributes to a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available for all eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Company in funds under the control of trustee. The Company contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

During the year ended 31st March 2004, the Company's contributions charged to the income statement amounted to HKD15,000 (2003: HKD3,315). As at 31st March 2004, the contribution payable to the MPF Scheme was HKD8,000 (2003: HKD3,315).

### 22 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 15th July 2004.