

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements set out in Appendix 16 of the Listing Rules.

These condensed accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st December, 2003.

2. Turnover, revenue and segment information

The Group is principally engaged in investments in listed and unlisted securities issued by companies having operations and activities in Hong Kong and certain Asian countries. In prior period, the Group also extended short term loans to the investee companies for their working capitals. Total revenues recognized during the period are as follows:

	Six months ended 30th June, 2004 (Unaudited) HK\$	Six months ended 30th June, 2003 (Unaudited) HK\$
Turnover		
Interest income from		
- bank deposits	-	12,586
- short term loans	-	336,050
- convertible bonds	-	297,534
Dividend income	1,504,957	378,089
Agency Income	2,000	-
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Total	1,506,957	1,024,259
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In prior period, the Group had investments in the following geographical areas:

Hong Kong - listed and unlisted securities

China ("PRC") - unlisted equity investments and investment deposits

There were no sales between geographical segments in prior period.

During the year ended 31st December, 2003, the Group disposed its direct investments in the PRC operations, and maintained its portfolio investments with interests in investee companies having operations and activities in Hong Kong, Taiwan, PRC and certain Asian countries. The Group's operations are now all located in Hong Kong and, therefore, all assets and liabilities are classified in the Hong Kong segment.

2. Turnover, revenue and segment information (continued)
Geographical segments

	Total assets	
	2004 (Unaudited) HK\$	2003 (Unaudited) HK\$
Hong Kong	100,646,344	44,118,395
PRC	-	13,098,500
Total assets	<u>100,646,344</u>	<u>57,216,895</u>

No material income was earned or costs incurred during the period other than the Hong Kong segment. Therefore, no analysis of the Group's revenue and results for the period by geographical segment is presented.

3. Taxation

No Hong Kong profits tax has been provided as the Group does not have any assessable profits for the period.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30th June, 2004 (Unaudited) HK\$	Six months ended 30th June, 2003 (Unaudited) HK\$
Deferred taxation relating to the origination of temporary differences	-	320,218
Deferred taxation resulting from an increase in tax rate	-	8,821
Overprovision in prior periods	(636,284)	-
Taxation	<u>(636,284)</u>	<u>329,039</u>

4. Earnings/(losses) per share

The calculation of basic loss per share for 2004 is based on the Group's loss attributable to the shareholders of HK\$7,634,916 and the weighted average number of 72,000,000 ordinary shares in issue during the period. Basic earnings per share for 2003 is based on the Group's profit attributable to shareholders of HK\$1,354,841 and the weighted average number of 60,000,000 shares in issue during the prior period.

No diluted earnings per share are presented since the Company did not issue any dilutive potential ordinary shares during both periods presented.

5. Fixed assets

	Furniture and fixtures HK\$
Opening net book amount as at 1st January, 2004 (audited)	15,211
Depreciation charge for the period	<u>(2,130)</u>
Closing net book amount as at 30th June, 2004	<u><u>13,081</u></u>

6. Prepayments and interest receivables

	30th June, 2004 (Unaudited) HK\$	31st December, 2003 (Audited) HK\$
Prepayments	72,500	200,991
Interest receivables	<u>9,360</u>	<u>-</u>
Total	<u><u>81,860</u></u>	<u><u>200,991</u></u>

7. Bank Overdraft

The Group did not have any bank overdraft as at 30th June, 2004 (as at 31st December, 2003: HK\$1,475,620, which was secured by the Group's other investments of HK\$6,140,520).

8. Margin Accounts Payable

As at 30th June, 2004, the margin accounts payable were secured by the Group's other investments.

9. Short Term Loan

The short term loan was extended by Upbest Finance Company Limited, which is a fellow subsidiary of the Group's investment manager, Upbest Assets Management Limited. The loan is unsecured, repayable on demand and carries a fixed interest rate at 9% per annum.

10. Share capital

	Authorised Ordinary shares of HK\$0.01 each	
	No. of shares	HK\$
At 1st January, 2004 and 30th June, 2004	500,000,000	5,000,000
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	Issued and fully paid Ordinary shares of HK\$0.01 each	
	No. of shares	HK\$
At 1st January, 2004 and 30th June, 2004	72,000,000	720,000
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11. Reserves

	Share Premium HK\$	Retained Earnings HK\$	Total HK\$
At 1st January, 2004	67,320,071	6,637,947	73,958,018
Loss for the period	-	(7,634,916)	(7,634,916)
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At 30th June, 2004	67,320,071	(996,969)	66,323,102
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12. Related Party Transactions

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

		Six months ended 30th June, 2004 (Unaudited) HK\$	Six months ended 30th June, 2003 (Unaudited) HK\$
Investment management fee	(a)	552,121	416,043
Advisory fee	(b)	-	375,000
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12. Related Party Transactions *(continued)***(a) Investment management fee**

The Company signed an investment management agreement with Upbest Assets Management Limited, the investment manager, for a period of three years commencing from 15th May, 2002. This agreement can be terminated by either the Company or the investment manager serving not less than three months' notice in writing prior to the expiration of the three years period.

Pursuant to this agreement, the Company pays to the investment manager a monthly management fee at 1.5% per annum of the consolidated net asset value of the Company as at the agreed valuation date.

(b) Advisory fee

Pursuant to an advisory agreement signed between Upbest Securities Company Limited ("the advisor"), which is a wholly owned subsidiary of the Upbest Group, and the Company, the advisor agrees to provide advisory services to the Group for public relations, investors relations and media communication services for a fixed fee of HK\$750,000 per annum. The agreement expired on 31st December, 2003.