

NOTES TO CONDENSED INTERIM REPORTS

1. Basis of preparation and accounting policies

The condensed unaudited consolidated interim accounts ("the Interim Accounts") are prepared in accordance with the requirements of Hong Kong Statement of Standard Accounting Practice (the "SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These Interim Accounts should be read in conjunction with the audited annual accounts for the year ended 31st March 2004.

The accounting policies and methods of computation used in the preparation of these Interim Accounts are consistent with those used in the audited reports for the year ended 31st March 2004.

2. Turnover and segment information

An analysis of the turnover and contribution to profit before taxation by principal activities for the period is as follows:

	Six months ended 30th September		2003	
	2004	2004	2003	2003
	Turnover (unaudited) HK\$'000	Contribution to profit before tax (unaudited) HK\$'000	Turnover (unaudited) HK\$'000	Contribution to profit before tax (unaudited) HK\$'000
Securities brokerage and futures brokerage	7,242	1,902	7,425	2,167
Securities margin financing & money lending	18,812	15,957	18,805	15,903
Corporate finance advisory, placing & underwriting	607	186	4,880	3,068
Assets management	1,164	523	1,143	171
	<u>27,825</u>	<u>18,568</u>	<u>32,253</u>	21,309
Provision for doubtful debts		(409)		(8,128)
Net investment income		-		2,585
Other income		80		65
Share of result of an associate		(26)		-
Profit before taxation		<u>18,213</u>		<u>15,831</u>
Taxation		<u>(2,950)</u>		<u>(3,290)</u>
Profit attributable to shareholders		<u>15,263</u>		<u>12,541</u>

The Group has no operating activities outside Hong Kong and accordingly a geographical analysis of such activities has not been presented.

3. Net investment income

	Six months ended 30th September	
	2004	2003
	(unaudited) HK\$'000	(unaudited) HK\$'000
Realized gain on disposal of shares in Hong Kong Exchanges and Clearing Limited ("HKEX")	-	2,405
Dividend income from listed investments in HKEX	-	180
	<u>-</u>	<u>2,585</u>

4. Profit from operations

Profit from operations has been arrived at after charging the following:

	Six months ended 30th September	
	2004	2003
	(unaudited) HK\$'000	(unaudited) HK\$'000
Staff costs, including directors' remuneration		
- provident fund contributions	100	91
- other staff costs	4,178	2,879
Depreciation	158	251
Amortisation of intangible assets	340	340
Provision for doubtful debts	409	8,128
Operating lease rentals in respect of rented premises	410	414
	<u>410</u>	<u>414</u>

5. Finance costs

	Six months ended 30th September	
	2004	2003
	(unaudited) HK\$'000	(unaudited) HK\$'000
Interest on bank loans and overdrafts	1,216	2,028
Bank charges	13	-
	<u>1,229</u>	<u>2,028</u>

6. Taxation

	Six months ended 30th September	
	2004	2003
	(unaudited) HK\$'000	(unaudited) HK\$'000
Hong Kong profits tax	<u>2,950</u>	<u>3,290</u>

Hong Kong profits tax is calculated at 17.5% (2003: 17.5%) on the estimated assessable profits for the period.

At 30th September 2004 and 2003, the Group had no material deferred tax asset or liability unrecognized at the balance sheet date.

7. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders for the six months ended 30th September 2004 of approximately HK\$15,263,000 (2003: HK\$12,541,000) and the weighted average number of 1,120,000,000 shares (2003: 1,120,000,000 shares) in issue during the year.

There is no diluted earnings per share for the periods ended 30th September 2004 and 2003 presented since the Company has no dilutive potential ordinary shares.

8. Debtors, prepayments and deposits

No ageing analysis is disclosed for debtors, prepayment and deposits as, in the opinion of the Board, the ageing analysis does not give additional value in view of the nature of business of securities margin financing and money lending business.

The settlement terms of cash client receivables and amounts due from clearing houses are one or two days after the trade date. The age of these balances is within 30 days.

9. Other bank balances and cash

	30th September	31st March
	2004	2004
	(unaudited) HK\$'000	(audited) HK\$'000
Bank balances		
– General accounts	15,356	23,881
– Trust accounts	5,072	2,532
– Segregated accounts	2,946	1,504
Cash in hand	<u>10</u>	<u>12</u>
	<u>23,384</u>	<u>27,929</u>

10. Creditors and accrued charges

The settlement term of cash client payables is two days after the trade date. Other payables are repayable on demand. The age of these balances is within 30 days.

11. Related party transactions

During the period, the Group entered into transactions with Town Bright Industries Limited ("Town Bright") and UBA Investments Limited ("UBA"). In the opinion of the Board, the following transactions arose in the ordinary course of the Group's business:

	Six months ended	
	30th September	
	2004	2003
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Rental expenses and building management fee to		
Town Bright <i>(Note (i))</i>	368	368
Investment management fee from UBA <i>(Note (ii))</i>	697	709
	1,065	1,077

Mr. Cheng Kai Ming, Charles, a director of the Company, has beneficial interests in UBA and Town Bright.

In addition, Mr. Li Kwok Cheung, George, an executive director of the Company, is also an executive director of UBA.

Notes:

- (i) The rental expenses and building management fee were transacted at the market rate.
- (ii) Investment management fee was charged at 1.5% per annum of the net asset value of UBA.