Notes to condensed financial statements

1. PRINCIPAL ACCOUNTING POLICIES

These condensed unaudited interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 – "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2004.

2. TURNOVER AND OTHER REVENUE

An analysis of turnover and other revenue is as follows:

	Six months ended 30.9.2004 ***HK$***	Six months ended 30.9.2003 *HK$*
Turnover		
Proceeds from sale of trading securities	**758,000**	1,783,162
Other revenue		
Interest income	**297**	11,190
Dividend income from trading securities	**–**	6,160
	297	17,350
Total revenue	**758,297**	1,800,512

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

3. NET UNREALISED (LOSS)/GAIN ON TRADING SECURITIES

The amount represents net unrealised (loss)/gain arising from changes in fair values of trading securities during the period under review.

4. REALISED GAIN ON SALE OF NON-TRADING SECURITIES

The amount represents the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve during the period under review.

5. TAXATION

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the period under review (2003: HK$942,000).

6. DIVIDENDS

The Board does not recommend payment of any interim dividend for the period under review (2003: Nil).

7. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to shareholders for the period under review of HK$12,735,226 (2003: profit of HK$4,285,028) and the weighted average of 80,200,000 (2003: 80,200,000) ordinary shares in issue during the period under review.

Diluted (loss)/earnings per share for the period under review were not disclosed as no dilutive potential ordinary shares existed during both periods presented.

8. NON-TRADING SECURITIES

	As at 30.9.2004	As at 31.3.2004
	HK$	*HK$*
Equity securities, at market value		
– Listed in Hong Kong	–	1,587,640

9. TRADING SECURITIES

	As at 30.9.2004	As at 31.3.2004
	HK$	*HK$*
Equity securities, at market value		
– Listed in Hong Kong	**17,190,120**	27,783,618

10. SHARE CAPITAL

	As at 30.9.2004 *HK$*	As at 31.3.2004 *HK$*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000,000**	20,000,000
Issued and fully paid:		
80,200,000 ordinary shares of HK$0.01 each	**802,000**	802,000

11. NET ASSETS VALUE PER SHARE

The calculation of net assets value per share is based on the net assets value of the Group as at 30 September 2004 of HK$20,784,370 (31 March 2004: HK$33,900,784) and the weighted average of 80,200,000 (31 March 2004: 80,200,000) ordinary shares in issue at that date.

12. RELATED PARTY TRANSACTIONS

The Group had involved in the following significant related party transactions during the period under review which were carried out in the normal course of the Group's business:

	Six months ended 30.9.2004 *HK$*	Six months ended 30.9.2003 *HK$*
Friedmann Pacific Asset Management Limited (formerly known as Friedmann Pacific Investment Consultants Limited) *(note a)*		
Rental and utility charges *(note b)*	**–**	112,030
Management fee *(note c)*	**–**	313,983

Notes:

(a) Mr. Jerry Chiou is a common director of Friedmann Pacific Asset Management Limited ("FPAML") and the Company.

(b) The rental and utility charges were based on a mutually agreed rate in respect of the provision of the principal place of business of the Company.

(c) The Company entered into an Investment Management Agreement with FPAML for a period commencing from 19 September 2002 ("IMA") and expiring on the third anniversary thereof and shall continue for successive period of three years unless terminated in accordance with the terms thereof. FPAML was entitled to receive an investment management fee on a quarterly basis at a rate of 2% per annum of the net asset value of the Company as at the valuation date as defined in the IMA. The Company entered into a termination agreement with FPAML on 3 March 2004, the Company and FPAML mutually agreed to waive the termination notice requirement of the IMA and to terminate the IMA with effect from the close of business on 31 March 2004 with no penalty nor compensation payable to FPAML.