

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.

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.

2. TURNOVER

An analysis of turnover is as follow:

	Six months ended	
	30.9.2004	30.9.2003
	HK\$'000	HK\$'000
Turnover		
Proceeds from sale of trading securities	1,554	—
Interest income	16	—
	<u>1,570</u>	<u>—</u>

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

3. LOSS BEFORE TAXATION

	Six months ended	
	30.9.2004	30.9.2003
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration		
– fees	60	19
– other emoluments	300	600
Retirement benefits scheme contributions	22	20
Other staff costs	344	144
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Total staff costs	726	783
Depreciation	104	99
Investment management fee	200	211
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4. TAXATION

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the both periods.

5. INTERIM DIVIDEND

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

6. LOSS PER SHARE – BASIC

The calculation of the loss per share is based on the loss for the six months ended 30 September 2004 of approximately HK\$1,751,000 (six months ended 30 September 2003: approximately HK\$5,539,000) and on the number of 355,056,000 (six months ended 30 September 2003: the weighted average number of approximately 254,652,000) shares in issue during the period.

7. PLANT AND EQUIPMENT

	<i>HK\$'000</i>
COSTS	
At 1 April 2004	887
Additions	10
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At 30 September 2004	897
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DEPRECIATION	
At 1 April 2004	320
Provided for the period	104
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At 30 September 2004	424
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NET BOOK VALUE	
At 30 September 2004	473
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At 31 March 2004	567
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8. INVESTMENT IN SECURITIES

	30.9.2004 <i>HK\$'000</i>	31.3.2004 <i>HK\$'000</i>
Equity securities listed in Hong Kong at cost	9,541	9,541
Unrealised loss	(7,465)	(7,071)
	<hr/>	<hr/>
At fair value	2,076	2,470
	<hr/>	<hr/>
Unlisted equity securities, at cost	7,661	7,661
Unrealised loss	(5,255)	(5,255)
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At fair value	2,406	2,406
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Unlisted convertible bond	3,080	3,080
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	7,562	7,956
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9. AMOUNTS DUE TO RELATED COMPANIES

The amounts represent amounts due to TIS Securities (HK) Limited ("TIS") and AVANTA Investment (International) Limited ("AVANTA Investment") of HK\$530,000 and HK\$187,000 at both balance dates respectively. Mr. Tai Chi Ching, a former director of the Company, is also a director of TIS and AVANTA Investment. The amounts are unsecured, interest-free and have no fixed repayment terms. At 31st March, 2004, the repayment terms are under negotiation. In the opinion of the directors, the amounts will be repayable within twelve months of the balance sheet date. Accordingly, the amounts are shown as current liabilities in the financial statements.

10. SHARE CAPITAL

	30.9.2004 HK\$'000	31.3.2004 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
355,056,000 ordinary shares of HK\$0.01 each	<u>3,551</u>	<u>3,551</u>

11. 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 30 September 2004 of approximately HK\$26,484,000 (31 March 2004: approximately HK\$28,101,000) and 355,056,000 ordinary shares in issue as at both dates.

12. RELATED PARTY TRANSACTION

For the six months ended 30 September 2004, the Group paid no investment management fees (six months ended 30 September 2003: approximately HK\$211,000, in which HK\$194,000 was payable) to AVANTA Investment (International) Limited, a company in which Mr. Tai Chi Ching is also a director.