

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 Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, except that, as disclosed in the accounting policies below, certain investments in securities are stated at fair value.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Company has not early adopted these new HKFRSs in the financial statements for the year ended 31st March 2005. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

Notes to the Financial Statements

For the year ended 31st March 2005

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:

Computer equipment	25%
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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 (including plant and equipment and investment securities) 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.

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 (the "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 amount 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 2005

6 (Loss)/Profit from operations

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

	2005 HKD	2004 HKD
Auditors' remuneration	150,000	150,000
Contributions to retirement benefits scheme (already included in staff costs)	23,000	15,000
Depreciation	7,720	35,885
Investment management fee	729,346	879,059
Loss on disposal of plant and equipment	–	13,358
Performance fee	–	1,447,200
Operating lease payments in respect of office premises	108,000	108,000
Staff costs (including directors' emoluments, Note 10)	896,370	583,387

7 Taxation

Hong Kong profits tax is provided at 17.5% (2004:17.5%) based on the estimated assessable profit for the year.

The amount of taxation charged to the income statement represents:

	2005 HKD	2004 HKD
Current – Hong Kong profits tax		
Charge for the year	–	2,226,595
Underprovision in previous year	598,320	–
Deferred taxation		
Relating to (reversal)/origination of temporary differences (Note 14)	(599,546)	601,631
Taxation	(1,226)	2,828,226

7 Taxation (Continued)

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

	2005 HKD	2004 HKD
(Loss)/Profit before taxation	<u>(5,438,724)</u>	<u>17,306,560</u>
Tax at Hong Kong profits tax rate of 17.5% (2004: 17.5%)	(951,777)	3,028,648
Tax effect of income that is not taxable in determining taxable profit	(48,723)	(139,692)
Tax effect of expenses that are not deductible in determining taxable profit	13,125	–
Tax effect of deferred tax asset not recognised/ (Tax effect of utilisation of net deferred tax asset not previously recognised)	986,149	(55,524)
Increase in opening net deferred tax asset resulting from an increase in tax rate	<u>–</u>	<u>(5,206)</u>
Taxation	<u>(1,226)</u>	<u>2,828,226</u>

8 Final dividend proposed

	2005 HKD	2004 HKD
HKD Nil (2004: HKD0.10 per ordinary share)	<u>–</u>	<u>10,000,000</u>

The board of directors (the "Board") has resolved not to pay a final dividend.

9 Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Company's net loss for the year of HKD5,437,498 (2004: net profit of HKD14,478,334) divided by the weighted average number of ordinary shares outstanding during the year, being 100,000,000 (2004: 100,000,000).

There were no dilutive potential shares during the years ended 31st March 2005 and 2004, therefore, no diluted (loss)/earnings per share has been presented.

Notes to the Financial Statements

For the year ended 31st March 2005

10 Directors' and senior management's emoluments

(A) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2005 HKD	2004 HKD
Directors' fees:		
Executive directors	–	–
Non-executive director	100,000	100,000
Independent non-executive directors	<u>261,370</u>	<u>200,000</u>
	<u>361,370</u>	<u>300,000</u>
Other emoluments:		
Salaries and other benefits paid to:		
Executive directors	260,000	260,000
Retirement benefits scheme contributions paid to:		
Executive directors	13,000	13,000
Independent non-executive directors	<u>–</u>	<u>2,000</u>
	<u>273,000</u>	<u>275,000</u>
	<u>634,370</u>	<u>575,000</u>

The emoluments of the directors fell within the following band:

	2005 Number of directors	2004 Number of directors
Emolument band:		
HKDNil – HKD1,000,000	<u>6</u>	<u>5</u>

10 Directors' and senior management's emoluments (Continued)

(B) SENIOR MANAGEMENT'S EMOLUMENTS

Of the five individuals whose emoluments were the highest in the Company for the year, four (2004: five) were directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual (2004: Nil) are as follows:

	2005 HKD	2004 HKD
Salaries and other benefits	252,000	–
Retirement benefits scheme contributions	10,000	–
	<u>262,000</u>	<u>–</u>

The emoluments of the remaining individual (2004: Nil) fell within the following band:

	2005 Number of individual	2004 Number of individual
Emolument band: HKD Nil – HKD1,000,000	<u>1</u>	<u>–</u>

11 Plant and equipment

	Computer equipment HKD
Cost	
At 1st April 2004 and at 31st March 2005	<u>30,880</u>
Accumulated depreciation	
At 1st April 2004	8,363
Charge for the year	<u>7,720</u>
At 31st March 2005	<u>16,083</u>
Net book value	
At 31st March 2005	<u>14,797</u>
At 31st March 2004	<u>22,517</u>

Notes to the Financial Statements

For the year ended 31st March 2005

12 Investments in securities

	2005 HKD	2004 HKD
Non-current assets		
Investment securities		
Unlisted equity securities, at cost	853,000	75,000
Less: Provision for impairment losses	<u>(75,000)</u>	<u>–</u>
	778,000	75,000
Current assets		
Other investments		
Equity securities listed in Hong Kong, at market value	<u>18,087,200</u>	<u>22,730,560</u>
	<u>18,865,200</u>	<u>22,805,560</u>

Details of the Company's investments in securities at 31st March 2005 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)
				Cost HKD	Carrying amount HKD		
Creative Energy (Asia) Limited	Hong Kong	75,000 ordinary shares of HKD1.00 each (2004: 1,500 ordinary shares of HKD1.00 each) (Note 1)	15.00% (2004: 15.00%)	75,000 (2004: 75,000)	Nil (2004: 75,000)	Nil (2004: 0.11%)	Nil (2004: 428,400)
Pacific Life Science Holdings Limited	Cayman Islands	1,000,000 ordinary shares of USD0.10 each (2004: Nil)	8.70% (2004: Nil)	778,000 (2004: Nil)	778,000 (2004: Nil)	1.62% (2004: Nil)	688,431 (2004: Nil)

12 Investments in securities *(Continued)*

(A) UNLISTED EQUITY SECURITIES *(Continued)*

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 companies at 31st March 2005.

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

- (i) 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 loss attributable to shareholders of CEAL for the year ended 31st March 2005 was approximately HKD3,848,000 (2004: profit of HKD2,356,000) and the unaudited net liability value of CEAL at 31st March 2005 was approximately HKD992,000 (2004: net asset value of approximately HKD2,856,000).
- (ii) Pacific Life Science Holdings Limited ("PLSHL") is a holding company for private ventures in the life sciences industry in Asia. PLSHL seeks to bring selected high potential North American life sciences projects to the Asian market in a form of joint venture with North American parent company. No dividend was received during the year. The unaudited loss attributable to shareholders of PLSHL for the year ended 31st March 2005 was approximately HKD898,000 and the unaudited net asset value of PLSHL at 31st March 2005 was approximately HKD7,913,000.

Notes to the Financial Statements

For the year ended 31st March 2005

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) HKD	
					Cost HKD	Market value HKD	Unrealised holding gain/(loss) HKD			
At 31st March 2005										
(i)	Beijing Media Corporation Limited	The People's Republic of China	200,000 H shares of RMB1.00 each	0.10%	4,594,716	4,000,000	(594,716)	8.33%	RMB1,366,557	
(ii)	China Data Broadcasting Holdings Limited	Bermuda	5,000,000 ordinary shares of HKD0.025 each	1.57%	9,534,875	7,200,000	(6,800,000) (Note 2)	14.99%	403,945	
(iii)	Hopson Development Holdings Limited	Bermuda	904,000 ordinary shares of HKD0.10 each	0.09%	3,771,696	3,887,200	115,504	8.09%	2,928,392	
(iv)	Lai Fung Holdings Limited	Cayman Islands	12,000,000 ordinary shares of HKD0.10 each	0.20%	3,191,511	3,000,000	(191,511)	6.24%	10,658,268	
					<u>21,092,798</u>	<u>18,087,200</u>	<u>(7,470,723)</u>			
At 31st March 2004										
(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	
					<u>19,311,585</u>	<u>22,730,560</u>	<u>3,418,975</u>			

12 Investments in securities (Continued)

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

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) The unrealised holding loss represented the changes in market value of China Data Broadcasting Holdings Limited from HKD14,000,000 at 31st March 2004 to HKD7,200,000 (as estimated by the directors) at 31st March 2005.

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) Beijing Media Corporation Limited ("BMCL") is principally engaged in the provision of newspaper advertising services, printing, distribution of newspapers and magazines and trading of print-related materials in the People's Republic of China. No dividend was received during the year. The audited profit attributable to shareholders of BMCL for the year ended 31st December 2004 was approximately RMB194,180,000 and the audited net asset value of BMCL at 31st December 2004 was approximately RMB1,366,557,000.
- (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 unaudited profit attributable to shareholders of CDBHL for the six months ended 30th June 2004 was approximately HKD7,834,000 and the unaudited net asset value of CDBHL at 30th June 2004 was approximately HKD25,729,000. Trading in shares of CDBHL on the Stock Exchange has been suspended since 28th December 2004 pending the release of certain price sensitive information. CDBHL has also delayed announcement of its annual results for the year ended 31st December 2004 and its first quarterly results for the three months ended 31st March 2005. At 31st March 2005, the Company's investment in CDBHL was stated at a fair value of HKD1.44 per share, as estimated by the directors, which was the closing price of CDBHL prior to the suspension of its shares.
- (iii) Hopson Development Holdings Limited ("HDHL") is principally engaged in investment holding and property development, investment and management. No dividend was received during the year. The audited profit attributable to shareholders of HDHL for the year ended 31st December 2004 was approximately HKD611,250,000 and the audited net asset value of HDHL at 31st December 2004 was approximately HKD3,253,769,000.
- (iv) Lai Fung Holdings Limited ("LFHL") is principally engaged in property development for sale and property investment for rental purposes. No dividend was received during the year. The unaudited profit attributable to shareholders of LFHL for the six months ended 31st January 2005 was approximately HKD50,193,000 and the unaudited net asset value of LFHL at 31st January 2005 was approximately HKD5,329,134,000.

Notes to the Financial Statements

For the year ended 31st March 2005

13 Deposit for an unlisted equity investment

In 2004, a deposit of HKD778,000 was paid for subscription of 1,000,000 common shares of USD0.10 each of PLSHL. During the year, the deposit was transferred to investment securities upon completion of the acquisition.

14 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%).

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

	2005	2004
	HKD	HKD
Deferred tax liabilities at the beginning of the year	601,631	–
(Credited)/Charged to the income statement for the year	(599,546)	601,631
Deferred tax liabilities at the end of the year	2,085	601,631

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

	2005	2004
	HKD	HKD
Accelerated tax depreciation	2,085	3,311
Net unrealised holding gain on other investments	–	598,320
	2,085	601,631

At the balance sheet date, the Company has unused tax losses of HKD5,635,136 (2004: HKDNil) available to offset future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

15 Share capital

	2005 HKD	2004 HKD
Authorised:		
200,000,000 ordinary shares of HKD0.10 each	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
100,000,000 ordinary shares of HKD0.10 each	<u>10,000,000</u>	<u>10,000,000</u>

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.

Notes to the Financial Statements

For the year ended 31st March 2005

17 Reserves

	Share premium HKD	Accumulated (losses)/profits HKD	Total HKD
At 1st April 2003	36,593,108	(319,784)	36,273,324
Net profit for the year	–	14,478,334	14,478,334
At 31st March 2004 and at 1st April 2004	36,593,108	14,158,550	50,751,658
Net loss for the year	–	(5,437,498)	(5,437,498)
2004 final dividend paid	–	(10,000,000)	(10,000,000)
At 31st March 2005	36,593,108	(1,278,948)	35,314,160
Representing:			
2005 final dividend proposed	–	–	–
Others	36,593,108	(1,278,948)	35,314,160
At 31st March 2005	36,593,108	(1,278,948)	35,314,160
2004 final dividend proposed	–	10,000,000	10,000,000
Others	36,593,108	4,158,550	40,751,658
At 31st March 2004	36,593,108	14,158,550	50,751,658

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 (losses)/profits. In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31st March 2005 was HKD35,314,160 (2004: HKD50,751,658).

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 2005 of HKD45,314,160 (2004: HKD60,751,658) by the number of ordinary shares in issue at that date, being 100,000,000 (2004: 100,000,000).

19 Lease commitments

At 31st March 2005 the total future minimum lease payments under non-cancellable operating leases for the premises are payable as follows:

	2005	2004
	HKD	HKD
Within one year	94,500	94,500

20 Related party transactions

During the year, 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	2005	2004
		HKD	HKD
Oriental Patron Financial Services Group Limited ("OPFSGL") (Note a)	Rental paid (Note e)	–	94,500
Oriental Patron Asia Limited ("OPAL") (Note b)	Investment management fee paid/payable (of which HKD58,624 (2004: HKD79,706) was included in accrued charges) (Note f)	729,346	879,059
OPAL	Accrued performance fee (Note f)	–	1,447,200
Oriental Patron Securities Limited ("OPSL") (Note c)	Amount due to a broker (Note g)	1,894,930	–
OPSL	Commission paid (Note h)	84,023	551,857
Oriental Patron Finance Limited ("OPFL") (Note d)	Rental paid (Note i)	108,000	13,500

20 Related party transactions (Continued)

Notes:

- (a) OPFSGL is a substantial shareholder of the Company which had an interest of 29.80% in the share capital of the Company at 31st March 2005 (2004: 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 for 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 i).
- (f) Investment management fee and performance fee are charged in accordance with the agreement with OPAL for investment management services. The investment management fee was calculated at 1.5% per annum on the Net Asset Value of the Company at each preceding month end as defined in the agreement. Performance fee represented 10% of the net increase in the Net Asset Value per share at the Performance Fee Valuation Day as defined in the agreement.
- (g) The amount due to a broker represented net payable arising from the sale and purchase transactions of listed securities through OPSL with which the Company holds a securities dealing account and pending settlement at 31st March 2005. The payable was due within two trading days.
- (h) 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.
- (i) 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 for a monthly rental of HKD9,000 with effect from 16th February 2004. Such licence agreement has been renewed under the same terms and conditions for one year with effect from 16th February 2005.

21 Retirement benefits scheme

The Company contributes to the Scheme under the Mandatory Provident Fund Schemes Ordinance which is available for all eligible employees in Hong Kong. The assets of the 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 Scheme, which contribution is matched by employees.

During the year, the Company's contributions charged to the income statement amounted to HKD23,000 (2004: HKD15,000). At 31st March 2005, the contribution payable to the Scheme was HKD6,000 (2004: HKD8,000).

22 Comparative figures

In the prior year, cash flows arising from the purchase and sale of investments in securities were classified as investing activities. In the current year, the directors considered it more appropriate to reclassify those cash flows as operating activities to more fairly reflect the underlying nature of the transactions. The comparative figures have been restated to conform with the current year's presentation.

23 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 21st July 2005.