NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirement of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of the interim financial statements are the same as those adopted in preparing the Group's annual financial statements for the year ended 31 March 2005, except that the Group has changed certain of its accounting policies following its adoption of the new/revised HKASs and HKFRSs as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES

Effect of adopting new HKASs and HKFRSs

The HKICPA has issued a number of new/revised standard of HKASs and HKFRSs and interpretations, which are effective for the accounting periods commencing on or after 1 January 2005. The Group has adopted the following HKASs and HKFRSs issued up to 30 September 2005 which are relevant to its operations and pertinent to these interim financial statements. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 1	First-time adoption of Hong Kong Financial Standards
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 7,8,10,12,14,16,17,18,19,21,24,27,33,36,37,38 and HKFRSs 1,3 do not have a material impact to the Group as a whole and the particulars of the changes are summarized as follows:

(i) HKAS 1 has affected the presentation of investments in securities of the Group and other disclosures.

(ii) HKAS 32 and 39 have resulted in a change of accounting policies relating to disclosure, presentation, recognition and measurement of financial assets.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

From 1 April 2004 to 31 March 2005:

The group classified its investment in securities as investment securities, trading securities, and held-to-maturity securities.

(a) *Investment securities*

Investment securities including those listed and unlisted securities which were held for non-trading purpose were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the investment revaluation reserve until the security was sold, or was determined to be impaired. Upon disposal, the cumulative gain or loss representing 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, was dealt with in the income statement.

Where there was objective evidence that individual investments were impaired the cumulative loss recorded in the investment revaluation reserve was taken to the income statement.

(b) *Trading securities*

Trading securities including those listed securities which were held for trading purpose were stated at fair value at the balance sheet date. Changes in the fair value of individual securities were credited or debited to the income statement in the period in which they arise.

(c) *Held-to-maturity securities*

Held-to-maturity securities including those unlisted debt securities that the Group has the expressed intention and ability to hold to maturity ("held-to-maturities") are measured at amortised cost, less any impairment loss recognized to reflect irrecoverable amounts. The annual amortization of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognized in each period represents a constant yield on the investment.

From 1 April 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designed at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Purchase and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

3. TURNOVER

An analysis of turnover is as follow:

	Six months ended **30.9.2005** *HK$'000*	Six months ended 30.9.2004 *HK$'000*
Turnover		
Proceeds from sale of financial assets at fair value through profit or loss	**–**	1,554
Interest income on held-to-maturity investments	**16**	16
	16	1,570

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.

4. LOSS BEFORE TAXATION

	Six months ended **30.9.2005** *HK$'000*	Six months ended 30.9.2004 *HK$'000*
Loss before taxation has been arrived at after charging:		
Directors' remuneration		
– fees	**60**	60
– other emoluments	**300**	300
Retirement benefits scheme contributions	**23**	22
Other staff costs	**410**	344
Total staff costs	**793**	726
Depreciation	**104**	104
Investment management fee	**100**	200

5. TAXATION

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

6. INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period under review (2004: Nil).

7. LOSS PER SHARE – BASIC

The calculation of the loss per share is based on the loss for the six months ended 30 September 2005 of approximately HK$1,083,000 (six months ended 30 September 2004: approximately HK$1,751,000) and on the weighted average number of 355,056,000 (six months ended 30 September 2004: the weighted average number of approximately 355,056,000) shares in issue during the period.

8. PLANT AND EQUIPMENT

	HK$'000
COSTS	
At 1 April 2005	897
Additions	–
At 30 September 2005	897
DEPRECIATION	
At 1 April 2005	527
Provided for the period	104
At 30 September 2005	631
NET BOOK VALUE	
At 30 September 2005	266
At 31 March 2005	370

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	30.9.2005 **HK$'000**	31.3.2005 HK$'000
Listed securities		
– Equity securities listed in Hong Kong	**2,420**	2,591
	2,420	2,591
Unlisted securities		
– Equity securities	**1,327**	1,425
	1,327	1,425
	3,747	4,016

10. HELD-TO-MATURITY INVESTMENTS

	30.9.2005 **HK$'000**	31.3.2005 HK$'000
Unlisted convertible bond	**3,080**	3,080

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.9.2005	31.3.2005
	HK$'000	*HK$'000*
Listed securities		
– Equity securities listed in Hong Kong	**33**	32
	33	32

12. SHARE CAPITAL

	30.9.2005	31.3.2005
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.01 each	**10,000**	10,000
Issued and fully paid:		
355,056,000 ordinary shares of HK$0.01 each	**3,551**	3,551

13. 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 2005 of approximately HK$22,250,000 (31 March 2005: approximately HK$22,701,000) and 355,056,000 ordinary shares in issue as at that dates.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2005, the Group recorded a turnover of approximately HK$16,000, represented a decrease of approximately HK$1.55 million when compared with those in the same period last year. This adverse performance was due to nil disposal of any financial assets at fair value through profit or loss compared with those in the corresponding period in 2004. Although the recorded turnover slipped 99% as compared to that in last period, the recorded net loss for the period amounting to approximately HK$1.08 million was improved by 38% as compared with the net loss of approximately HK$1.75 million recorded the same period last year. The improvement was due mainly to realised gain on disposal of available-for-sale financial assets. The above improved result was affected by the increase trend in the Hong Kong stock market for the six months ended 30 September 2005.

OUTLOOKS

The Company was managing a portfolio of diversified unlisted and listed company securities covering a range of industry sectors to achieve risk diversification. The Group is optimistic as to future prospects of these companies in their respective lines of businesses, and the Group remains prudent in its scrutiny process, and will continue to identify promising projects to invest in.