NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2005

1. BASIS OF PREPARATION

The Condensed Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The Condensed Financial Statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss.

ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies used in the Condensed Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas but have no material effect on how the results and financial position of the Group for the current or prior accounting periods are prepared.

FINANCIAL INSTRUMENTS

In the period under review, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement".

Classification and measurement of financial assets and liabilities

By 31 March 2005, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of SSAP 24. Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "non-trading securities" or "held-to-maturity investment" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in the profit or loss for the period in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1 April 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets", "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method. This change has had no material effect on the results for the current or prior periods.

Financial assets and financial liabilities other than debt and equity securities

From 1 April 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. This change has had no material effect on the results for the current or prior periods.

SHARE-BASED PAYMENTS

In the current period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over share ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 January 2005. The Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and share options that were granted after 7 November 2002 and had vested before 1 January 2005 in accordance with the relevant transitional provisions. This change has had no material effect on the results for the current or prior periods.

POTENTIAL IMPACT ARISING ON THE NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these HKASs, HKFRSs and HKFRS-INTs in future periods will have no material impact on the financial statements of the Group.

HKAS 1 (AMENDMENT)	Capital Disclosures
HKAS 19 (AMENDMENT)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (AMENDMENT)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (AMENDMENT)	The Fair Value Option
HKAS 39 and HKFRS 4 (AMENDMENTS)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HKFRS – INT 4	Determining whether an Arrangement contains a Lease
HKFRS – INT 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK (IFRIC) – INT 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

3. TURNOVER

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Proceeds from sale of financial assets at fair value through profit or loss	**907,730**	758,000

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.

4. NET UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/TRADING SECURITIES

The amount represents net unrealised loss arising from changes in fair values of financial assets at fair value through profit or loss during the period under review.

5. 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 in the previous period.

6. TAXATION

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the period under review (2004: Nil).

7. DIVIDENDS

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

8. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders for the period under review of HK$2,421,609 (2004: HK$12,735,226) and the weighted average of 4,010,000 (2004: 4,010,000) ordinary shares in issue during the period under review after adjusting for the effects of the share consolidation on 21 September 2005. The basic loss per share for 2004 had been adjusted accordingly.

Diluted loss per share for the six months ended 30 September 2005 and 2004 were not disclosed as there were no dilutive potential ordinary shares.

9. TRADING SECURITIES

	As at 30.9.2005 (Unaudited) HK$	As at 31.3.2005 (Audited) HK$
Equity securities, at market value		
– Listed in Hong Kong	**–**	9,457,524

In accordance with HKAS 39, all trading securities of the Company were redesignated as financial assets at fair value through profit or loss on 1 April 2005.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30.9.2005 (Unaudited) HK$	As at 31.3.2005 (Audited) HK$
Equity securities, at market value		
– Listed in Hong Kong	**9,340,292**	–

Following the adoption of HKAS 39, all financial assets of the Company were redesignated as financial assets through profit or loss on 1 April 2005. There was no such redesignation for the year ended 31 March 2005 as retrospective application of HKAS 39 is not permitted.

11. SHARE CAPITAL

	Number of ordinary shares	Amount HK$
Authorised:		
At 31 March 2005	**2,000,000,000**	20,000,000
Decreased by share consolidation	**(1,900,000,000)**	–
At 30 September 2005	**100,000,000**	20,000,000
Issued and fully paid:		
At 31 March 2005	**80,200,000**	802,000
Decreased by share consolidation	**(76,190,000)**	–
At 30 September 2005	**4,010,000**	802,000

In September 2005, an ordinary resolution was approved in an extraordinary general meeting held by the Company for the consolidation of every 20 issued and unissued shares of HK$0.01 each into one consolidated shares of HK$0.20 each in the capital of the Company. All the shares in issue rank pari passu in all respects.

12. RELATED PARTY TRANSACTIONS

During the period under review, the Group had involved in the following related party transactions which were carried out in normal commercial terms and in the ordinary course of the Group's business:

	Six months ended 30.9.2005 *HK$*	Six months ended 30.9.2004 *HK$*
Friedmann Pacific Asset Management Limited *(note a)* to which the following expenses were paid:		
Management fee *(note b)*	**110,445**	–
Friedmann Pacific Financial Services Limited *(note c)* to which the following expenses were paid:		
Rental and building management fee *(note d)*	**72,000**	–

Notes:

(a) Mr. POON Ho-man and Mr. Jerry CHIOU are common directors of Friedmann Pacific Asset Management Limited ("FPAML") and the Company.

Mr. POON Ho-man, an executive director of the Company, has beneficial interests in FPAML at 30 September 2005.

(b) The Company entered into an Investment Management Agreement with FPAML for a term of one year commencing from 16 June 2005 ("IM Agreement"). FPAML is the former investment manager of the Company from September 2002 to March 2004. FPAML is entitled to receive an investment management fee on a quarterly basis in advance, at a rate of 2% per annum of the net asset value of the Company as at the immediately preceding valuation date as defined in the IM Agreement. FPAML is also entitled to receive an annual incentive fee equal to 10% of the surplus net asset value of the Company as at the last valuation date in a financial year as defined in the IM Agreement. The total fees payable to FPAML by the Company are subject to a cap of HK$440,000.

(c) Mr. POON Ho-man is a common director of Friedmann Pacific Financial Services Limited ("FPFSL") and the Company.

Mr. POON Ho-man, an executive director of the Company, has beneficial interests in FPFSL at 30 September 2005.

(d) The Company entered into a Licence Agreement with FPFSL commencing from 1 April 2004 (the "Licence Agreement") and will continue until the earlier of either the twenty months to 30 November 2005 or the date that the Principal Agreement being terminated. The Principal Agreement is the tenancy agreement made between FPFSL and the landlord dated 24 November 2003. The Licence Agreement can also be terminated at any time by either party serving not less than three months' prior notice in writing. Pursuant to the Licence Agreement, FPFSL is entitled to receive monthly licence fee of HK$12,000 for granting the Company the use of an office premises.

13. POST BALANCE SHEET EVENT

Pursuant to an announcement dated 20 October 2005, the Company had completed the fund raised by way of rights issue, in the proportion of five rights shares of every consolidated share (after completion of share consolidation) held and 20,050,000 shares were issued at HK$0.20 per share. The net proceeds of approximately HK$3.8 million were used as general working capital purpose.

BUSINESS REVIEW

During the period under review, the Group continued its on-going investment strategy that focuses on listed and unlisted investment opportunities in the People's Republic of China, Hong Kong and Taiwan (collectively the "Greater China"). As at 30 September 2005, the investment portfolio of the Group consisted of listed securities in Hong Kong with a total market value of HK$9,340,292 (31 March 2005: HK$9,457,524).

The Group reported a net loss of HK$2,421,609 for the period under review, comparing to the net loss of HK$12,735,226 recorded for the corresponding period last year. Proceeds from sale of trading securities increased by approximately 20% to HK$907,730 as compared with HK$758,000 recorded last period.

Liquidity and Financial Resources

As at 30 September 2005, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of approximately HK$248,123 (31 March 2005: HK$2,420,110), which was mainly placed in bank as call deposits. Since the Group has made no borrowing as at 30 September 2005, the calculation of gearing ratio was not applicable.

As all transactions of the Group during the period under review were conducted in Hong Kong and the reporting currency of its financial statements was Hong Kong Dollar, its exposure to fluctuations in exchange rates and any related hedges was minimal.