NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2005

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

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 23	Borrowing Costs
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 34	Interim Financial Reporting
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 2	Share-based Payment
HKFRS 3	Business Combinations

1. ACCOUNTING POLICIES (continued)

The adoption of HKASs 1, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 34, 37 and 38 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial statements. The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 32 and HKAS 39 – Financial Instruments

(i) Investments in securities

In prior periods, the Group classified its investments in equity securities, which were intended to be held for a continuing strategic or long term purpose, as investment securities and were included in the balance sheet at cost less any impairment losses, on an individual investment basis and classified its investments in listed and unlisted equity and debt securities, which were not classified as investment securities, as other investments and were stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair values of other investments were credited or charged to the consolidated profit and loss account in the period in which they arose.

Upon the adoption of HKASs 32 and 39, the Group's investment securities and other investments are classified as available-for-sale investments and investments at fair value through profit or loss, respectively.

Available-for-sale investments are those non-derivative investments in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments at fair value through profit or loss are acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

1. ACCOUNTING POLICIES (continued)

(a) HKAS 32 and HKAS 39 – Financial Instruments (continued)

(i) Investments in securities (continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

The effects of the above changes are summarised in note 2 to the unaudited condensed consolidated interim financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(ii) Convertible notes

In prior periods, convertible notes were stated at amortised cost. Upon the adoption of HKASs 32 and 39, convertible notes issued are split into liability and equity components.

On the issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption.

1. ACCOUNTING POLICIES (continued)

(a) HKAS 32 and HKAS 39 – Financial Instruments (continued)

(ii) Convertible notes (continued)

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The effects of the above changes are summarised in note 2 to the unaudited condensed consolidated interim financial statements. In accordance with HKAS 32, comparative amounts have been restated.

(b) HKFRS 2 – Share-based Payment

In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by using an option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

1. ACCOUNTING POLICIES (continued)

(b) HKFRS 2 – Share-based Payment (continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has applied the transitional provisions of HKFRS 2 not to apply the accounting provisions of HKFRS 2 as the Group's share options vested before HKFRS 2 became effective.

(c) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior periods, goodwill arising on acquisitions was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

The adoption of HKFRS 3 and HKAS 36 has resulted in a change to the previously adopted accounting policy for goodwill.

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted retrospectively. The details of the prior period adjustments and opening adjustments are summarised as follows:

(a) Effect on opening balance of total equity at 1 April 2005

Effect of new policies (Increase/(decrease))	Note	Share premium (Unaudited) HK$'000	Equity component of convertible notes (Unaudited) HK$'000	Accumulated losses (Unaudited) HK$'000	Total (Unaudited) HK$'000
Prior period adjustments:					
HKASs 32 and 39	1(a)(ii)				
Convertible notes		81	1,654	(385)	1,350
Total effect at 1 April 2005		81	1,654	(385)	1,350

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

The following table summarises the impact on loss after tax and loss per share for the six-month periods ended 30 September 2005 and 2004 upon the adoption of the new HKFRSs.

(b) Effect on loss after tax and loss per share for the six months ended 30 September 2005 and 2004

Effect of new policies (increase/(decrease))	Note	For the six months ended 30 September 2005 Equity holders of the parent (Unaudited) HK$'000	2004 Equity holders of the parent (Unaudited) HK$'000
Effect on loss after tax:			
HKASs 32 and 39	1(a)(ii)		
Gain on redemption of convertible notes		**1,438**	994
Interest on convertible notes		**(1,365)**	(697)
Total effect for the period		**73**	297
Effect on loss per share:			
Basic		**HK0.01 cent**	HK0.08 cents
Diluted		**N/A**	N/A

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments.

Business segments

The following tables presents revenue and results for the Group's business segments.

	Property investment For the six months ended 30 September		Investments in securities For the six months ended 30 September		Money lending For the six months ended 30 September		Investment holding For the six months ended 30 September		Consolidated For the six months ended 30 September	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)
Segment revenue:										
Revenue from external customers	**2,698**	448	**103,767**	12,056	**4,993**	5,243	**–**	7,875	**111,458**	25,622
Other revenue	**–**	–	**–**	–	**–**	–	**196**	–	**196**	–
	2,698	448	**103,767**	12,056	**4,993**	5,243	**196**	7,875	**111,654**	25,622
Segment results	**8,400**	375	**(77,657)**	(34,688)	**3,276**	2,824	**(653)**	6,585	**(66,634)**	(24,904)
Unallocated other revenue and gains									**1,438**	994
Unallocated expenses									**(1,512)**	(868)
Finance costs									**(5,391)**	(2,872)
Loss before tax									**(72,099)**	(27,650)
Tax									**(1,374)**	–
Loss for the period									**(73,473)**	(27,650)

4. TURNOVER

Turnover represents gross rental income received and receivable from investment properties; interest income earned from money lending operations; interest income and dividend income from investments in securities; investment management income; and proceeds from sale of investments at fair value through profit or loss during the period.

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Gross rental income	**2,698**	448
Interest income from money lending operations	**4,993**	5,243
Interest income from unlisted debt securities	**–**	430
Dividend income from investments at fair value through profit or loss	**427**	239
Dividend income from available-for-sale investments	**–**	6,556
Investment management income	**–**	889
Proceeds from sale of investments at fair value through profit or loss	**103,340**	11,817
	111,458	25,622

5. FINANCE COSTS

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
		(Restated)
Interest on:		
Bank loans and other borrowings wholly repayable within five years	**3,380**	821
Bank loans wholly repayable beyond five years	**646**	–
Convertible notes	**1,365**	2,051
	5,391	2,872

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation	**1,067**	247
Amortisation of goodwill	**–**	308
Write-off a bad debt	**5,000**	–
Provision for bad and doubtful debts	**265**	–
Provision for impairment of available-for-sale investments	**2,692**	–
Interest income	**(4,993)**	(5,673)

7. Tax

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Group:		
Deferred	**1,374**	–

No provision for current Hong Kong profits tax has been made for the period as the Group had no assessable profits arising in Hong Kong during the period (2004: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on (i) the loss attributable to equity holders of the parent for the period of HK$73,473,000 (2004: HK$27,650,000 (as restated)); and (ii) the weighted average number of 1,485,602,438 (2004: 377,200,475 (as restated)) ordinary shares in issue during the period, as adjusted to reflect the share consolidation of the Company during the period (note 16(a)).

(b) Diluted loss per share

The calculation of diluted loss per share for the six months ended 30 September 2005 and 2004 have not been disclosed, as the share options, warrants and convertible notes outstanding during these periods had an anti-dilutive effect on the basic loss per share for these periods.

9. DIVIDEND

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

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Club membership, at cost	**630**	630
Unlisted equity investments, at cost	**73,225**	73,225
Less: Provision for impairment	**(68,304)**	(65,612)
	4,921	7,613
	5,551	8,243

11. LOAN TO AN INVESTEE COMPANY

As at 30 September 2005, the loan to an investee company was unsecured, interest-free and repayable after eight years from the date of drawdown. The amount as at 31 March 2005 was unsecured, interest-free and fully repaid during the period.

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Listed equity investments, at fair value:		
Hong Kong	**67,161**	134,751
Unlisted debt securities, at fair value:		
Hong Kong	**57,748**	–
	124,909	134,751

13. LOANS RECEIVABLE

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Loans receivable	**158,450**	107,950
Less: Provision for bad and doubtful debts	**(11,050)**	(15,785)
	147,400	92,165

Loans receivable represent receivables arising from the money lending business of the Group, and bear interest at rates ranging from Hong Kong dollar prime rate (the "Prime Rate") to 3% above the Prime Rate per annum (31 March 2005: 2% above the Prime Rate to 10% per annum). The grant of these loans is approved and monitored by the Company's executive directors in charge of the Group's money lending operations.

Included in the loans receivable as at 31 March 2005 was a loan granted to an officer of the Company of HK$5,000,000. The loans granted to the officer was unsecured and bore interest at the Prime Rate plus 2% per annum. The loan was repaid during the period.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Bank loans, secured	**62,320**	29,580
Other borrowings, secured	**5,071**	–
	67,391	29,580
Portion classified as current liabilities	**(32,091)**	(2,520)
Non-current portion	**35,300**	27,060

14. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(a) The Group's bank loans are secured by:

(i) mortgages over the Group's land and building situated in Hong Kong, which had an aggregate carrying value at the balance sheet date of approximately HK22,080,000 (31 March 2005: HK$15,890,000);

(ii) mortgages over the Group's investment properties situated in Hong Kong, which had an aggregate carrying value at the balance sheet date of approximately HK$102,000,000 (31 March 2005: HK$8,540,000); and

(iii) a corporate guarantee given by the Company up to HK$30,000,000 (31 March 2005: HK$30,000,000).

(b) The Group's investments in securities with an aggregate carrying value of approximately HK$124,909,000 (31 March 2005: HK$134,751,000) were pledged to certain financial institutions to secure certain margin financing facilities provided to the Group which were utilised up to approximately HK$5,071,000 as at 30 September 2005 (31 March 2005: Nil).

(c) The Group's secured bank loans at 30 September 2005 carry floating interest rates at (i) 1.25% per annum above the Hong Kong Interbank Offer Rate ("HIBOR"); (ii) Prime Rate per annum; and 2.25% below the Prime Rate (31 March 2005: 1.25% per annum above the HIBOR). The Group's secured other borrowings at 30 September 2005 carry interest rates at 7.5% per annum (31 March 2005: 3% per annum above the Prime Rate).

15. CONVERTIBLE NOTES

On 15 April 2004, the Company issued redeemable convertible notes of an aggregate principal amount of HK$75,000,000 (the "2004 CNs") to certain third parties. The 2004 CNs were unsecured, bore interest at 6.8% per annum and had an original maturity date on the third anniversary of the date of issue. The Company might redeem the 2004 CNs at 100% of the outstanding principal amount of the 2004 CNs from the date of issue of the 2004 CNs up to 14 days prior to (and excluding) the maturity date. The 2004 CNs were convertible into ordinary shares of the Company in amounts or integral multiples of HK$1,000,000 at any time from the date of issue of the 2004 CNs up to 14 days prior to (and excluding) the maturity date at a price of HK$0.16 per share (which was later adjusted to HK$0.15 per share on 19 November 2004, as a result of a rights issue of the Company).

On 7 May 2004, 2004 CNs with face values aggregating HK$16,000,000 were converted into 100,000,000 ordinary shares of the Company of HK$0.01 each at a conversion price of HK$0.16 per share.

On 27 July 2004, 2004 CNs with face values aggregating HK$23,000,000 were redeemed by the Company at their face values in 2004.

15. CONVERTIBLE NOTES (continued)

As at 31 March 2005, the Company had outstanding 2004 CNs of an aggregate principal amount of HK$36,000,000.

On 7 April 2005, the Company made a fresh issue of redeemable convertible notes of an aggregate principal amount of HK$150,000,000 (the "2005 CNs"). The 2005 CNs are unsecured, non-interest bearing and will mature on 7 April 2010. The 2005 CNs are convertible into the Company's ordinary shares at a conversion price of HK$0.05 per share in amounts or integral multiples of HK$500,000 at any time from date of issue up to 7 days prior to (and excluding) the maturity date of the 2005 CNs.

On 7 April 2005, the Company early redeemed the then outstanding 2004 CNs with face values aggregating HK$36,000,000 with the funds available from the 2005 CNs. As all the holders of the 2004 CNs had also subscribed for the 2005 CNs, they had set-off with the Company the subscription monies payable by them to the Company for the 2005 CNs against the amount payable by the Company to them on redemption of the 2004 CNs.

During the period, 2005 CNs with face values aggregating HK$114,000,000 were converted into 2,280,000,000 ordinary shares of the Company of HK$0.10 each at a conversion price of HK$0.05 per share.

As at 30 September 2005, the Company had outstanding 2005 CNs of an aggregate principal amount of HK$36,000,000.

According to HKAS 32, any convertible note is required to be separated into liability and equity components on its initial recognition and the liability component is carried at amortised cost using effective interest method. Accordingly, as at 30 September 2005, the liability component of the outstanding 2005 CNs was stated at amortised cost in the amount of HK$21,950,000. The equity component of the outstanding 2005 CNs was included in the shareholders' equity.

16. SHARE CAPITAL

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Authorised:		
25,000,000,000 (31 March 2005: 50,000,000,000) ordinary shares of HK$0.02 (31 March 2005: HK$0.01) each	**500,000**	500,000
Issued and fully paid:		
1,878,023,413 (31 March 2005: 9,608,987,344) ordinary shares of HK$0.02 (31 March 2005: HK$0.01) each	**37,560**	96,090

A summary of the movements of the Company's issued share capital and share premium account is as follows:

	Notes	Number of ordinary shares issued	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2005					
As previously reported		9,608,987,344	96,090	114,405	210,495
Prior period adjustment		–	–	81	81
As restated at 1 April 2005		9,608,987,344	96,090	114,486	210,576
Conversion of 2005 CNs	15	2,280,000,000	22,800	89,322	112,122
Exercise of warrants		6,790	–	–	–
Share consolidation	(a)	(10,700,094,721)	–	–	–
Repurchase of shares		(47,876,000)	(4,788)	–	(4,788)
Placing of new shares	(b)	737,000,000	54,740	46,729	101,469
Capital reorganisation	(c)	–	(131,282)	–	(131,282)
At 30 September 2005		1,878,023,413	37,560	250,537	288,097

16. SHARE CAPITAL (continued)

(a) Effective from 9 June 2005, every 10 shares in the issued and unissued ordinary share capital of the Company of HK$0.01 each were consolidated into one consolidated share of HK$0.10 each. Further details of the share consolidation are also set out in the Company's circular dated 9 May 2005.

(b) On 14 June 2005, the Company allotted and issued a total of 500,000,000 shares of HK$0.10 each for cash to third parties at a price of HK$0.16 per share.

On 29 August 2005, the Company allotted and issued a total of 237,000,000 shares of HK$0.02 each for cash to third parties at a price of HK$0.10 per share.

(c) The Company effected a capital reorganisation on 11 August 2005 which involved (i) a reduction of the nominal value of each issued ordinary share of the Company from HK$0.10 to HK$0.02 each by the cancellation of HK$0.08 of the paid-up capital for each issued share; and (ii) a transfer of the credit arising from the capital reduction of approximately HK$131,282,000 to the Company's contributed surplus account. Further details of the capital reorganisation are also set out in the Company's circular dated 18 July 2005.

(d) On 30 November 2005, share options to subscribe for a total of 150,000,000 shares of the Company of HK$0.02 each were granted to certain directors, Mr. Kwong Kai Sing, Benny, Ms. Lo Ki Yan, Karen, Mr. Ong Peter and Ms. Poon Chi Wan at a subscription price of HK$0.054 per share (expiry date: 10 November 2015).

17. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) On 19 April 2005, the Group entered into a sale and purchase agreement with a third party for the acquisition of the entire issued share capital of Top Trinity Assets Limited ("Top Trinity") for a total cash consideration of HK$22,000,000. The principal activity of Top Trinity is investment holding. Bestford Properties Limited, a wholly-owned subsidiary of Top Trinity, is the registered owner of a property located at Flat B on 22/F together with a portion of the roof immediately thereabove and one car park of Royalton, 118 Pok Fu Lam Road, Hong Kong. The acquisition was completed on 29 April 2005.

(ii) On 10 June 2005, the Group entered into a sale and purchase agreement with a third party for the acquisition of the entire issued share capital of Fei Wang Incorporated ("Fei Wang") for a total cash consideration of HK$14,000,000. Fei Wang is the beneficial owner of the entire issued share capital of Great Gains International Limited, which is the registered owner of Units 5 and 6 of Ground Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. The transaction was completed on 30 June 2005.

17. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of a subsidiary

On 6 April 2005, the Group disposed of its entire interest in CU Investment Management Limited ("CU Investment") to an independent third party for HK$500,000, resulting in a gain of approximately HK$118,000 for the period. CU Investment was primarily engaged in the provision of investment management services.

18. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2005 (31 March 2005: Nil).

19. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally also require the tenant to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions.

At 30 September 2005, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2005 (Unaudited)	31 March 2005 (Audited)
Within one year	**4,137**	2,432
In the second to fifth years, inclusive	**4,731**	4,249
	8,868	6,681

(b) As lessee

The Group leased certain of its office properties under an operating lease arrangements. The lease for properties was negotiated for a term of one year.

As at 31 March 2005, the Group had total minimum lease payments of approximately HK$102,000 under a non-cancellable operating lease falling due within one year.

20. COMMITMENTS

At 30 September 2005, in addition to the operating lease commitments detailed in note 19 above, the Group had capital commitments of HK$49,420,000 principally relating to the acquisition of investment properties.

At 31 March 2005, the Group was required to advance the remaining balance of a loan to an investee, Found Macau Investments International Limited, amounting to HK$50,000,000.

21. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following material transaction with related parties during the period:

Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Short term employee benefits	**2,034**	1,598
Post-employment benefits	**5**	5
Total compensation paid to key management personnel	**2,039**	1,603

22. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following significant events of the Group, not disclosed elsewhere in the unaudited condensed consolidated interim financial statements, were occurred:

(a) On 2 August 2005, the Group entered into a sale and purchase agreement with Collier Assets Limited ("Collier"), which is wholly-owned by a director of the Company, for the acquisition of the entire issued share capital in Apex Novel Limited ("Apex") for a cash consideration of HK$73.8 million. The principal activity of Apex is investment holding and is the registered owner of a property located at Unit No. 1, Sunshine Villa, No. 28 Mount Kellett Road, The Peak, Hong Kong. A deposit of HK$35 million was paid by the Group to Collier upon the signing of the sale and purchase agreement. On 7 November 2005, as a majority of the Group's shareholders voted against the proposed acquisition, the acquisition was hence withdrawn. The deposit of HK$35 million was refunded to the Group thereafter.

(b) On 31 August 2005, the Group entered into a provisional agreement with a third party for the acquisition of Unit A on 2nd Floor, Hatton Place, No.1A Po Shan Road, Hong Kong. A deposit of HK$1,180,000 was paid by the Group to the vendor upon the signing of the formal sale and purchase agreement on 9 September 2005. The acquisition was completed on 12 October 2005.

22. POST BALANCE SHEET EVENTS (continued)

(c) On 10 October 2005, the Group proposed a rights issue of 4,695,058,530 rights shares on the basis of five rights shares for every two shares in issue at a price of HK$0.05 per rights share (the "Right Issue"). The estimated net proceeds from the Rights Issue ranges from HK$228.8 million to HK$237.8 million. The Group intends to use the net proceeds from the Rights Issue for investments in advertising business in the mainland of the People's Republic of China (the "PRC") and other Internet-related/entertainment business, repayment of the outstanding convertible notes issued by the Company, repayment of bank loans, property investments and working capital purposes. Further details of the Rights Issue are set out in a prospectus of the Company dated 2 December 2005.

(d) On 25 October 2005, the Group entered into a framework agreement ("Agreement") with independent third parties to conditionally subscribe for 20% of the shareholding interest of Shanghai Newline Advertising Inc. ("Shanghai Newline") at a cash consideration of HK$20 million. Pursuant to the terms of the Agreement, the Group has the right to further increase its shareholding interest in Shanghai Newline to 40% by injecting another HK$20 million into Shanghai Newline. The principal business of Shanghai Newline is placing advertisements outside lottery ticketing booths, counters and shops in the PRC. Further details of the Agreement are also set out in a circular of the Company dated 8 November 2005.

(e) On 30 November 2005, 150,000,000 share options were granted to certain of the directors of the Company as further detailed in note 16(d).

23. COMPARATIVE AMOUNTS

Due to the adoption of certain new and revised HKFRSs and the share consolidation during the current period, as further detailed in notes 1, 2 and/or 16(a) to these unaudited condensed consolidated interim financial statements, the accounting treatment and presentation of certain items and balances in these unaudited condensed consolidated interim financial statements have been revised to comply with the new requirements/share consolidation. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been restated to conform with the current period's presentation.

24. APPROVAL OF THE INTERIM FINANCIAL REPORT

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 20 December 2005.