



Notes to the Financial Statements

(For the year ended 31 March 2006)

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company is an investment company and 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.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new and revised HKFRSs did not result in substantial changes to the Company's accounting policies and amounts reported for the current year and prior years excepted as stated below.

Financial instruments

The adoption of Hong Kong Accounting Standard ("HKAS") 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement" has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis.

The Company applied the benchmark treatment of the previous Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" to investments in equity securities for the 2005 comparative information. The Company's investments in equity securities are classified as investment securities or other investments. Investment securities are carried at cost less any impairment losses while other investments are measured at fair value, with unrealised gains or losses included in the income statement.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Financial instruments (continued)

From 1 April 2005 onwards, the Company classifies and measures its investments in equity securities in accordance with HKAS 39. Investments in equity securities are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets and are measured at subsequent reporting dates at fair value, except for certain investments in unlisted equity securities which are carried at cost less any impairment losses when there are absence of quoted market prices in an active market and whose fair value cannot be reliably measured. The Company has applied the transitional rules in HKAS 39. At 1 April 2005, the Company reclassified its investment securities with a carrying amount of HK\$778,000 to available-for-sale financial assets and its other investments with a carrying amount of HK\$18,087,200 to financial assets at fair value through profit or loss. The adoption of the requirements of HKAS 39 in respect of equity investments has had no material effect on the Company's results for the current or prior accounting periods.

The Company has not applied the new HKFRSs that have been issued but are not yet effective. The Company is in the process of making an assessment of what the impact of the new HKFRSs is expected to be in the period of initial application but it is not yet in a position to ascertain how the new HKFRSs may affect the preparation and presentation of the results of operations and financial position of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

The preparation of these financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing 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.

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated at a rate sufficient to write off their cost over their estimated useful lives on a straight-line basis, as follows:

Computer equipment	25%
--------------------	-----

The assets' useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of property, 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.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

(d) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are included in the income statement for the period.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are investments not classified as held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised directly in equity, until the investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are included in the income statement for the period. For available-for-sale equity investments that do not have quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any impairment losses at each balance sheet date subsequent to initial recognition. Impairment losses recognised in the income statement for equity investments classified as available-for-sale financial assets are not subsequently reversed through the income statement.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, 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. 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.

(f) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(g) 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) Sale of financial assets at fair value through profit or loss/other investments is recognised on a trade date basis when a sale and purchase contract is entered into;
- (ii) Dividend income is recognised when the shareholder's rights to receive payment is established; and
- (iii) Interest income is recognised on a time-proportion basis using the effective interest method.

(h) Employee benefits

- (i) Employee leave entitlements
Employee entitlements to annual leave and long service leave are recognised when they accrue to employees.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Employee benefits (continued)

(ii) Pension obligations

The Company contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefits scheme cost charged to the income statement represents contributions payable by the Company to the funds and is not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Company demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(j) Related parties

A party is related to the Company if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company; has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, 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.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate 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.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

4 CRITICAL JUDGEMENTS AND KEY ESTIMATES

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of financial assets at fair value through profit or loss

In the absence of quoted market price in an active market, the directors estimate the fair value of the Company's investment in China Data Broadcasting Holdings Limited ("CHINA DATA"), details of which are set out in Note 14, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of CHINA DATA.

5 TURNOVER

The Company is principally engaged in medium to long-term investments in listed and unlisted securities in the Greater China. An analysis of the Company's turnover is as follows:

	2006	2005
	HK\$	HK\$
		(Restated)
Proceeds from sale of financial assets at fair value		
through profit or loss/other investments	50,018,690	127,357,656
Dividend income from listed investments	361,495	269,878
	50,380,185	127,627,534

In previous years, the Company's net gain on disposal of investments in listed equity securities was classified as a component of other income. During the current year, the Company included the proceeds from sale of investments in listed equity securities as a component of the Company's turnover with the corresponding carrying amount of listed equity securities disposed of being reported as cost of sales to better reflect the business nature of the Company and allow a more appropriate presentation of the Company's results. These changes in presentation have been applied retrospectively with comparatives restated as shown in the above and the income statement.

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

6 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.

7 PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is stated after charging the following:

	2006	2005
	HK\$	HK\$
Auditors' remuneration	165,000	150,000
Contributions to retirement benefits scheme (included in staff costs)	25,000	23,000
Depreciation	7,720	7,720
Investment management fee	757,594	729,346
Performance fee	308,710	-
Operating lease payments in respect of office premises	108,000	108,000
Staff costs (including directors' emoluments, <i>Note 11(a)</i>)	937,000	896,370

8 TAXATION

Hong Kong profits tax is provided at 17.5% (2005:17.5%) based on the estimated assessable profit for the year.

The amount of taxation charged to the income statement represents:

	2006	2005
	HK\$	HK\$
Current - Hong Kong profits tax		
Charge for the year	308,340	-
Underprovision in previous year	-	598,320
Deferred taxation		
Relating to reversal of temporary differences (<i>Note 15</i>)	(1,250)	(599,546)
Taxation	307,090	(1,226)

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

8 TAXATION *(continued)*

Reconciliation between taxation and profit/(loss) before taxation at Hong Kong profits tax rate:

	2006	2005
	HK\$	HK\$
Profit/(Loss) before taxation	8,182,257	(5,438,724)
Tax at Hong Kong profits tax rate of 17.5% (2005:17.5%)	1,431,895	(951,777)
Tax effect of income that is not taxable in determining taxable profit	(138,656)	(48,723)
Tax effect of expenses that are not deductible in determining taxable profit	-	13,125
(Tax effect of utilisation of deferred tax asset not previously recognised)/Tax effect of deferred tax asset not recognised	(986,149)	986,149
Taxation	307,090	(1,226)

9 DIVIDEND

The board of directors (the "Board") has resolved not to pay a final dividend (2005: nil).

10 BASIC EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Company's profit for the year of HK\$7,875,167 (2005: loss of HK\$5,437,498) divided by the weighted average number of ordinary shares outstanding during the year, being 100,000,000 (2005: 100,000,000).

There were no dilutive potential shares during the years ended 31 March 2006 and 2005. Therefore, no diluted earnings/(loss) per share has been presented.

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) *Directors' emoluments*

The emoluments paid or payable to directors of the Company during the year are as follows:

	2006	2005
	HK\$	HK\$
Directors' fees:		
Non-executive director		
LIU Hongru	100,000	100,000
Independent non-executive directors		
KWONG Che Keung Gordon	100,000	100,000
HE Jia	100,000	100,000
WANG Xiaojun	100,000	61,370
	400,000	361,370
Other emoluments:		
Salaries and other benefits:		
Executive directors		
ZHANG Zhi Ping	130,000	130,000
ZHANG Gaobo	130,000	130,000
Retirement benefits scheme contributions:		
Executive directors		
ZHANG Zhi Ping	6,500	6,500
ZHANG Gaobo	6,500	6,500
	273,000	273,000
	673,000	634,370

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(a) Directors' emoluments (continued)

The emoluments of the directors fell within the following band:

	2006	2005
	Number of	Number of
	directors	directors
Emolument band:		
Nil - HK\$1,000,000	6	6

(b) Senior management's emoluments

Of the five individuals whose emoluments were the highest in the Company for the year, 4 (2005: 4) were directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining individual (2005: 1) are as follows:

	2006	2005
	HK\$	HK\$
Salaries and other benefits	252,000	252,000
Retirement benefits scheme contributions	12,000	10,000
	264,000	262,000

The emoluments of the remaining individual (2005: 1) fell within the following band:

	2006	2005
	Number of	Number of
	individual	individual
Emolument band:		
Nil - HK\$1,000,000	1	1

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK\$
Cost	
At 1 April 2004, 31 March 2005 and 31 March 2006	30,880
Accumulated depreciation	
At 1 April 2004	8,363
Charge for the year	7,720
At 31 March 2005	16,083
Charge for the year	7,720
At 31 March 2006	23,803
Net book value	
At 31 March 2006	7,077
At 31 March 2005	14,797

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENT SECURITIES

	2006
	HK\$
Unlisted equity securities, at cost	853,000
Less: Impairment losses	(75,000)
	<hr/>
	778,000
	<hr/>

As mentioned in Note 2, from 1 April 2005 onwards, the Company's investment securities have been reclassified to available-for-sale financial assets in accordance with HKAS 39. At 31 March 2005, the investment securities amounted to HK\$778,000.

At 31 March 2006, the available-for-sale financial assets are investments in unlisted equity securities. They are measured at cost less any impairment losses at each balance sheet date as the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair values cannot be measured reliably.

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENT SECURITIES

(continued)

Details of the Company's investments in unlisted equity securities at 31 March 2006 are as follows:

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Investment value			Net assets attributable to the Company (Note 1) HK\$
				Cost HK\$	Carrying amount HK\$	Percentage of total assets of the Company	
(a) Creative Energy (Asia) Limited	Hong Kong	75,000 ordinary shares of HK\$1.00 each (2005: 75,000 ordinary shares of HK\$1.00 each)	15.00% (2005: 15.00%)	75,000 (2005: 75,000)	Nil (2005: Nil)	Nil (2005: Nil)	Nil (2005: Nil)
(b) Pacific Life Science Holdings Limited	Cayman Islands	1,000,000 ordinary shares of USD0.10 each (2005: 1,000,000 ordinary shares of USD0.10 each)	8.70% (2005: 8.70%)	778,000 (2005: 778,000)	778,000 (2005: 778,000)	1.43% (2005: 1.62%)	772,212 (2005: 688,431)

Note:

- (1) The calculation of net assets attributable to the Company is based on the latest management accounts of respective investees.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENT SECURITIES

(continued)

A brief description of the business and financial information of the unlisted investees, is as follows:

- (a) Creative Energy (Asia) Limited 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.
- (b) Pacific Life Science Holdings Limited ("PACIFIC LIFE SCIENCE") is a holding company for private ventures in the life sciences industry in Asia. PACIFIC LIFE SCIENCE 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 profit attributable to shareholders of PACIFIC LIFE SCIENCE for the year ended 31 March 2006 was approximately HK\$963,000 and the unaudited net asset value attributable to shareholders of PACIFIC LIFE SCIENCE at 31 March 2006 was approximately HK\$8,876,000.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER INVESTMENTS

	2006 HK\$
Equity securities listed in Hong Kong, at fair value	<u>18,579,025</u>

As mentioned in Note 2, from 1 April 2005 onwards, the Company's other investments have been reclassified to financial assets at fair value through profit or loss in accordance with HKAS 39. At 31 March 2005, other investments amounted to HK\$18,087,200.

The above investments in listed equity securities are classified as held for trading. The fair values of these listed equity securities are based on quoted market prices.

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER INVESTMENTS (continued)

Details of the Company's investments in listed equity securities at 31 March 2006 are as follows:

Equity securities listed on the Stock Exchange

At 31 March 2006

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Investment value			Percentage of total assets of the Company	Net assets attributable to the Company (Note 1) HK\$
				Cost HK\$	Market value HK\$	Unrealised gain/(loss) HK\$		
(a) CHINA DATA	Bermuda	5,000,000 ordinary shares of HK\$0.025 each	1.57%	9,534,875	Nil	(7,200,000) (Note 2)	Nil	229,800
(b) Golden Eagle Retail Group Limited	Cayman Islands	100,000 shares of HK\$0.10 each	0.01%	318,182	385,000	66,818	0.71%	RMB37,311
(c) Guangdong Investment Limited	Hong Kong	2,780,000 ordinary shares of HK\$0.50 each	0.05%	7,749,936	9,591,000	1,841,064	17.68%	5,739,145
(d) Hopson Development Holdings Limited	Bermuda	432,000 ordinary shares of HK\$0.10 each	0.04%	1,889,866	7,214,400	5,324,534	13.30%	2,185,483
(e) The Link Real Estate Investment Trust	Hong Kong	43,500 units	0.002%	429,835	728,625	298,790	1.34%	474,300
(f) Man Yue International Holdings Limited	Bermuda	300,000 ordinary shares of HK\$0.10 each	0.07%	204,743	660,000	455,257	1.21%	311,109
				20,127,437	18,579,025	786,463		

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER INVESTMENTS (continued)

Equity securities listed on the Stock Exchange (continued)

At 31 March 2005

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Investment value			Percentage of total assets of the Company	Net assets attributable to the Company (Note 1) HK\$
				Cost HK\$	Market value HK\$	Unrealised gain/(loss) HK\$		
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
CHINA DATA	Bermuda	5,000,000 ordinary shares of HK\$0.025 each	1.57%	9,534,875	7,200,000	(6,800,000) (Note 3)	14.99%	403,945
Hopson Development Holdings Limited	Bermuda	904,000 ordinary shares of HK\$0.10 each	0.09%	3,771,696	3,887,200	115,504	8.09%	2,928,392
Lai Fung Holdings Limited	Cayman Islands	12,000,000 ordinary shares of HK\$0.10 each	0.20%	3,191,511	3,000,000	(191,511)	6.24%	10,658,268
				21,092,798	18,087,200	(7,470,723)		

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER INVESTMENTS *(continued)*

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 investees at the balance sheet date.
- (2) The unrealised loss represented the changes in market value of CHINA DATA from HK\$7,200,000 at 31 March 2005 to nil (as estimated by the directors) at 31 March 2006.
- (3) The unrealised loss represented the changes in market value of CHINA DATA from HK\$14,000,000 at 31 March 2004 to HK\$7,200,000 (as estimated by the directors) at 31 March 2005.

A brief description of the business and financial information of the listed investees, based on their latest published interim reports or annual reports, is as follows:

- (a) CHINA DATA is principally engaged in 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 loss attributable to shareholders of CHINA DATA for the six months ended 30 June 2005 was approximately HK\$1,699,000 and the unaudited net asset value attributable to shareholders of CHINA DATA at 30 June 2005 was approximately HK\$14,637,000. Due to the trading in shares of CHINA DATA on the Stock Exchange has been suspended over 1 year since 28 December 2004 and based on the latest published financial information of CHINA DATA, the directors are of opinion that the fair value of the Company's investment in CHINA DATA was nil at 31 March 2006.
- (b) Golden Eagle Retail Group Limited ("GOLDEN EAGLE") is principally engaged in development and operation of a stylish premium department store chain. No dividend was received during the year. The audited profit attributable to shareholders of GOLDEN EAGLE for the year ended 31 December 2005 was approximately RMB133,054,000 and the audited net asset value attributable to shareholders of GOLDEN EAGLE at 31 December 2005 was approximately RMB373,113,000.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER INVESTMENTS *(continued)*

Equity securities listed on the Stock Exchange (continued)

- (c) Guangdong Investment Limited ("GUANGDONG INVESTMENT") is principally engaged in investment holding, property holding and investment, the development of properties for sale, investing in infrastructure and energy project, water supply, hotel ownership and operations, hotel management and department stores operation. The Company received dividend income of HK\$66,000 during the year. The audited profit attributable to shareholders of GUANGDONG INVESTMENT for the year ended 31 December 2005 was approximately HK\$1,303,495,000 and the audited net asset value attributable to shareholders of GUANGDONG INVESTMENT at 31 December 2005 was approximately HK\$11,478,289,000.
- (d) Hopson Development Holdings Limited ("HOPSON") is principally engaged in investment holding and property development, investment and management. The Company received dividend income of HK\$217,635 during the year. The audited profit attributable to shareholders of HOPSON for the year ended 31 December 2005 was approximately HK\$1,217,323,000 and the audited net asset value attributable to shareholders of HOPSON at 31 December 2005 was approximately HK\$5,463,708,000.
- (e) The Link Real Estate Investment Trust ("THE LINK") is a collective investment scheme constituted as a unit trust that invest in retail and carpark real estate in Hong Kong. No dividend was received during the year. The audited profit attributable to unitholders of THE LINK for the period ended 31 March 2006 was approximately HK\$2,081,000,000 and the audited net asset value attributable to unitholders of THE LINK at 31 March 2006 was approximately HK\$23,715,000,000.
- (f) Man Yue International Holdings Limited ("MAN YUE") is principally engaged in manufacturing and trading of electronic components and the trading of raw materials. The Company received a dividend income of HK\$4,500 during the year. The audited profit attributable to shareholders of MAN YUE for the year ended 31 December 2005 was approximately HK\$95,696,000 and the audited net asset value attributable to shareholders of MAN YUE at 31 December 2005 was approximately HK\$444,441,000.

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

15 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences using a principal taxation rate of 17.5% (2005: 17.5%).

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

	2006	2005
	HK\$	HK\$
Deferred tax liability at beginning of the year	2,085	601,631
Credited to the income statement for the year	(1,250)	(599,546)
	<hr/>	<hr/>
Deferred tax liability at end of the year	835	2,085

The deferred tax liability recognised by the Company is as follows:

	2006	2005
	HK\$	HK\$
Accelerated tax depreciation	835	2,085

16 SHARE CAPITAL

	2006	2005
	HK\$	HK\$
<i>Authorised:</i>		
200,000,000 ordinary shares of HK\$0.10 each	20,000,000	20,000,000
<i>Issued and fully paid:</i>		
100,000,000 ordinary shares of HK\$0.10 each	10,000,000	10,000,000



Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

17 SHARE OPTIONS

Under the Company's share option scheme adopted on 19 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 HK\$1 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.

18 RESERVES

The amounts of the Company's reserves and the movements therein for the current and prior years are presented in the statement of changes in equity on page 27.

Under the Companies Law 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 retained profits/accumulated losses. In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31 March 2006 were HK\$43,189,327 (2005: HK\$35,314,160).

Notes to the Financial Statements (continued)

(For the year ended 31 March 2006)

19 NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Company at 31 March 2006 of HK\$53,189,327 (2005: HK\$45,314,160) by the number of ordinary shares in issue at that date, being 100,000,000 (2005: 100,000,000).

20 LEASE COMMITMENTS

At 31 March 2006, the total future minimum lease payments under non-cancellable operating lease for the premises are payable as follows:

	2006 HK\$	2005 <i>HK\$</i>
Within one year	94,500	94,500

21 RELATED PARTY TRANSACTIONS

During the year, the Company had entered into the following significant related party transactions:

Transactions and balances with related parties

Name of related party	Nature of transactions and balances	2006 HK\$	2005 <i>HK\$</i>
Oriental Patron Asia Limited ("OPAL") (Note a)	Investment management fee paid/payable (of which HK\$70,253 (2005: HK\$58,624) was included in accrued charges) (Note d)	757,594	729,346
OPAL	Accrued performance fee (Note d)	308,710	-
OPAL	Accrued advisory fee (Note e)	50,000	-
Oriental Patron Securities Limited ("OPSL") (Note b)	Amount due to a broker	-	1,894,930
OPSL	Commission paid (Note f)	27,471	84,023
Oriental Patron Finance Limited ("OPFL") (Note c)	Rental paid (Note g)	108,000	108,000

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

21 RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (a) 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 Oriental Patron Financial Services Group Limited ("OPFSGL"). OPFSGL is a substantial shareholder of the Company which had an interest of 29.80% in the share capital of the Company at 31 March 2006 (2005: 29.80%). The directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have beneficial interests and significant influence in OPFSGL.
- (b) OPSL is a wholly owned subsidiary of OPFSGL.
- (c) OPFL is a fellow subsidiary of OPFSGL.
- (d) 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.
- (e) Advisory fee was charged at a mutually agreed fee.
- (f) 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.
- (g) The Company entered into a licence agreement with OPFL on 1 February 2005 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 HK\$9,000 with effect from 16 February 2005. Such licence agreement has been renewed under the same terms and conditions for one year with effect from 16 February 2006.

Compensation of key management personnel

The key management personnel of the Company comprises all directors, details of their remuneration are disclosed in Note 11(a).

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

22 RETIREMENT BENEFITS SCHEME

The Company contributes to a defined contribution Mandatory Provident Fund Scheme (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 HK\$25,000 (2005: HK\$23,000). At 31 March 2006, the contribution payable to the Scheme was HK\$6,000 (2005: HK\$6,000).

23 FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Board meets periodically to analyse and formulate strategies to manage the Company's exposure to market risk. The Company's exposure to market risk is kept to a minimum. The Company has not used any derivatives or other instruments for hedging purpose.

The significant financial risks to which the Company is exposed to are described below.

(a) Market risk

(i) Foreign currency risk

The Company has no significant foreign currency risk due to limited foreign currency transactions.

(ii) Interest rate risk

The Company is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short term bank deposits. Since the bank deposits are all short term in nature, any future variations in interest rates will not have a significant impact on the results of the Company.

(iii) Price risk

The Company is exposed to equity security price risk through its investments in equity securities. The Board manages this exposure by maintaining a portfolio of investments with different risk profiles.

(b) Credit risk

The carrying amounts of investments in equity securities, prepayments and bank balances represent the Company's maximum exposure to credit risk in relation to the Company's financial assets. The Company's credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Notes to the Financial Statements *(continued)*

(For the year ended 31 March 2006)

23 FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its current obligations as they fall due. The Company's liquidity risk is minimal and is managed by matching the settlement of trading in securities. For the management of the Company's liquidity risk, the Company monitors and maintains a sufficient level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor its working capital requirements regularly.

(d) Fair values

The fair values of the Company's financial assets and liabilities are not materially different from their carrying amounts.

The fair values of financial assets traded in active markets such as listed equity investments, included in financial assets at fair value through profit or loss are based on quoted market prices at the balance sheet date. The quoted market price for financial assets held by the Company usually is the current bid price.

At 31 March 2006, unlisted equity investments included in available-for-sale financial assets, are stated at cost less any impairment losses. The directors considered that the carrying amounts of such assets would not materially differ from their fair values.

24 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 17 July 2006.