

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). 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 of the Group for the year ended March 31, 2006, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after December 1, 2005, January 1, 2006 or March 1, 2006 respectively. The adoption of the new HKFRSs has no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Following the adoption and application of various HKFRSs in the preparation of its financial statements for the year ended 31 March 2006, the Group has restated its interim results for the six months ended 30 September 2005. Certain comparative figures have been restated to conform with the current period’s presentation.

2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, which have been issued but not yet effective, in these interim financial statements. The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the results and financial position of the Group.

HKAS 1 Amendment	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – Int 8	Scope of HKFRS 2 ²
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ³
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁴

¹ Effective for annual periods beginning on or after January 1, 2007

² Effective for annual periods beginning on or after May 1, 2007

³ Effective for annual periods beginning on or after June 1, 2007

⁴ Effective for annual periods beginning on or after November 1, 2007

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into five business segments – travel related operations, credit card operations, securities trading and investments, treasury investment and property investment. These principal operating activities are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Turnover		Segment results	
	Six months ended		Six months ended	
	9.30.2006	9.30.2005	9.30.2006	9.30.2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
By business segment:				
Travel related operations	294,454	204,480	2,318	(2,365)
Credit card operations	4,246	4,523	(4,190)	1,756
Securities trading and investments	739	4,508	11,038	23,415
Treasury investment	6,315	1,562	6,315	266
Property investment	2,153	915	1,733	(658)
	<u>307,907</u>	<u>215,988</u>	<u>17,214</u>	<u>22,414</u>
Discontinued operation				
Health care	–	42,270		
	<u>307,907</u>	<u>258,258</u>		
Unallocated corporate revenue			7,185	1,680
Unallocated corporate expenses			<u>(31,078)</u>	<u>(31,246)</u>
Loss from operations			(6,679)	(7,152)
Finance costs			(8,299)	(6,197)
Share of results of associates			(3,378)	(5,483)
Provision for amount due from an associate			–	(1,428)
Loss before income tax			<u>(18,356)</u>	<u>(20,260)</u>

Following the adoption of the new/revised HKFRS, the gross proceeds from the trading of securities was excluded as revenue and the comparative figures for 2005 have been reclassified to conform with current period's presentation.

4. LOSS FROM OPERATIONS

	Six months ended	
	9.30.2006	9.30.2005
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss from operations has been arrived at after charging (crediting):		
Depreciation	1,568	2,330
Amortisation of leasehold land	265	–
Amortisation and write off of intangible assets included in administrative expenses	–	78
Dividend income	(739)	(4,509)

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and overseas taxation have been made in the condensed financial statements as the Group had no assessable profit for both periods. The tax credit for the period represents over-provision of prior year.

6. DIVIDEND

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend.

7. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to equity holders of the Company on the weighted average number of 1,666,884,348 shares (six months ended September 30, 2005: 1,626,303,062 shares) in issue during the period.

The calculation of basic loss per share is based on the following data:

	2006	2005
	HK\$'000	HK\$'000
Profit (loss) attributable to equity holders of the Company, used in the basic earnings (loss) per share calculation:		
From continuing operations	(16,813)	(18,616)
From a discontinued operation	–	6,204
	<u>(16,813)</u>	<u>(12,412)</u>

The computation of diluted loss per share for the period ended September 30, 2006 does not assume the exercise of potential dilutive ordinary shares as their exercise would result in reduction in loss per share for the period ended September 30, 2006 and the conversion of the Group's outstanding convertible debentures would result in a decrease in net loss per share for the period.

8. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired investment properties and property, plant and equipment of HK\$93.4 million (six months ended September 30, 2005: Nil) and HK\$36.3 million (six months ended September 30, 2005: HK\$2.3 million).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENT

The average credit term granted by the Group to its trade customers are as follows:

Health care business	45 days
Travel related operations	30 days
Credit card holders for retails sales	up to 56 days interest free repayment period

The following is an aged analysis of trade receivables at the reporting date:

	9.30.2006 <i>HK\$'000</i> (unaudited)	3.31.2006 <i>HK\$'000</i> (audited)
0 – 60 days	41,685	49,606
61 – 90 days	553	1,165
Over 90 days	5,486	4,598
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	47,724	55,369
Deposits, prepayments and other receivables	49,786	25,205
Prepaid operating lease payment	530	530
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	98,040	81,104
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10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and other payables at the reporting date:

	9.30.2006 <i>HK\$'000</i> (unaudited)	3.31.2006 <i>HK\$'000</i> (audited)
0 – 60 days	32,859	19,420
61 – 90 days	1,343	85
Over 90 days	10,674	832
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	44,876	20,337
Other payables and accrued expenses	23,633	14,236
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	68,509	34,573
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11. BORROWING

The Group has raised new bank loans for the mortgage of investment properties and land and buildings acquired during the period.

12. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each	1,000,000,000,000	<u>10,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each at April 1, 2006	1,626,519,255	16,265
Exercise of warrants subscription rights	<u>117,589,466</u>	<u>1,176</u>
At September 30, 2006, shares of HK\$0.01 each	<u>1,744,108,721</u>	<u>17,441</u>

Notes:

(1) 2005 Warrants

At the extraordinary general meeting of the Company held on April 19, 2004, the shareholders of the Company approved a bonus issue of new warrants ("2005 Warrants"), to the shareholders of the Company whose names appeared on April 16, 2004 on the basis of one 2005 Warrant for every ten shares held by such shareholders. Pursuant to which 151,811,795 units of 2005 Warrants were issued to the shareholders of the Company at an initial subscription price of HK\$0.20 per share of HK\$0.01 each of the Company as a result of the bonus issue of new warrants. The warrants lapsed on May 31, 2005.

(2) 2009 Warrants

Pursuant to a written resolution of the board of directors on August 16, 2004, the Company approved a bonus issue of new warrants ("2009 Warrants") to the shareholders of the Company whose names appeared on the register of members on November 5, 2004 on the basis of one 2009 Warrant for every ten shares held by such shareholders. Pursuant to which 162,593,106 units of 2009 Warrants were issued to the shareholders of the Company at an initial subscription price of HK\$0.09 per share of HK\$0.01 each of the Company as a result of the bonus issue of new warrants. The 2009 Warrants will expire on September 30, 2009.

During the period, registered holders of 2009 Warrants exercised their rights to subscribe 502,815 ordinary shares of the Company at HK\$0.09 per share.

At the balance sheet date, the Company had outstanding 161,574,536 2009 Warrants exercisable on or before September 30, 2009. Exercise in full of such warrants would result in the issue of 161,574,536 additional ordinary shares of HK\$0.01 each.

(3) 2006 Warrants

Pursuant to a written resolution of the board of directors on June 3, 2005, the Company approved a bonus issue of new warrants ("2006 Warrants") to the shareholders of the Company whose names appeared on the register of members on July 15, 2005 on the basis of one 2006 Warrant for every ten shares held by such shareholders. Pursuant to which 162,649,225 units of 2006 Warrants were issued to the shareholders of the Company at an initial subscription price of HK\$0.16 per share of HK\$0.01 each of the Company as a result of the bonus issue of new warrants. The 2006 Warrants lapsed on July 31, 2006.

During the period, registered holders of 2006 Warrants exercised their rights to subscribe 117,086,651 ordinary shares of the Company at HK\$0.16 per share.

13. PLEDGE OF ASSETS

At September 30, 2006, the Group pledged bank deposits of HK\$4,286,000 (March 31, 2006: HK\$4,219,000) as securities for banking facilities granted to a subsidiary and as securities for the credit card business transactions with MasterCard International Inc.

The Group's borrowing of HK\$148,862,000 (March 31, 2006: HK\$63,061,000) are secured on the investment properties and land and buildings of the Group with an aggregate carrying value of HK\$190,257,000 (March 31, 2006: HK\$83,503,000) and cash balance of HK\$3,620,000 (March 31, 2006: HK\$4,771,000) respectively.

14. RELATED PARTY TRANSACTION

In August 2006, the Company entered into a warrant placing agreement with Mr. Chan Heng Fai, an executive director and Managing Chairman of the Company to subscribe for 172 million unlisted warrants at an issue price of HK\$0.03 per warrant, each entitles the holder to subscribe for one new share at the exercise price of HK\$0.17 per new share. The subscription was completed on October 16, 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the six months ended September 30, 2006 was HK\$307.9 million, compared to turnover of HK\$216.0 million for the same period in 2005, representing a 43% increase. Loss attributable to equity holders of the Company for the six months ended September 30, 2006 was HK\$16.8 million compared to HK\$12.4 million for the same period in 2005. The loss per share for the six months ended September 30, 2006 was HK1.01 cents compared to HK0.76 cents for the same period in 2005.

Financial and Securities Investment Division

The division recorded a profit of HK\$11.0 million as compared to HK\$23.4 million for the same period in 2005.

Travel Agency Division

During the period, the travel business recorded a turnover and operating profit of approximately HK\$294.5 million (2005: HK\$204.5 million) and HK\$2.3 million (2005: loss of HK\$2.4 million).

Credit Card Division

During the period, positive external economic factors facilitated the steady recovery of the economy. Employment and consumer spending resumed growth as the business and investment environment continued to improve. The Group recovered bad debts of HK\$0.5 million and the Credit Card business recorded a turnover of approximately HK\$4.2 million, representing a decrease of 6% from the same period last year.

Health Care

In December 2005, the Group disposed its entire interest in a subsidiary, Global Med Technologies, Inc. and ceased the operation of health care business.