

NOTES TO CONDENSED INTERIM ACCOUNTS

1 Basis of preparation

These unaudited condensed consolidated interim accounts (the "Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Accounts should be read in conjunction with the annual accounts for the year ended 31 March 2006.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31 March 2006.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS" which term collectively includes HKASs and Interpretations) that are effective for accounting periods beginning on or after 1st January 2006. The adoption of these new and revised HKFRSs has no material impact on the Group's accounting policies.

The Group has not early adopted the following new standard, amendments or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial positions 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 1 January 2007.

² Effective for annual periods beginning on or after 1 May 2006.

³ Effective for annual periods beginning on or after 1 June 2006.

⁴ Effective for annual periods beginning on or after 1 November 2006.

2 Segment information

Primary reporting format – business segments

The Group is organised into two main business segments:

Property investments

Aircraft charter

There are no sales or other transactions between business segments.

	For the six months ended 30 September 2006		
	Property investments	Continuing Aircraft charter	Total
	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>10,473</u>	<u>9,317</u>	<u>19,790</u>
Segment results	<u>6,576</u>	<u>(7,630)</u>	<u>(1,054)</u>
Unallocated corporate expenses			(3,979)
Other charges, net			(8,064)
Unallocated operating income			
– Reversal of impairment losses of long term receivable			11,179
– Fair value gain – financial assets at fair value through profit or loss			7,413
Operating profit			5,495
Finance costs			(8,952)
Share of profit of an associated company			67
Loss before income tax			(3,390)
Income tax credit			673
Loss for the period			<u>(2,717)</u>
Depreciation	–	3,666	3,666
Unallocated depreciation			50
			<u>3,716</u>
Capital expenditure	–	229	229
Unallocated capital expenditure			411
			<u>640</u>

	For the six months ended 30 September 2005					
	Property investments		Technology related services		Total	
	Continuing HK\$'000	Discontinued HK\$'000	Continuing HK\$'000	Discontinued HK\$'000	Continuing HK\$'000	Discontinued HK\$'000
Turnover	<u>10,236</u>	<u>177</u>	<u>–</u>	<u>14,004</u>	<u>10,236</u>	<u>14,181</u>
Segment results	<u>8,089</u>	<u>156</u>	<u>–</u>	<u>(6,335)</u>	8,089	(6,179)
Unallocated corporate (expenses)/income					(10,504)	66
Unallocated operating income/(expenses)						
– Other revenues					952	24
– Fair value loss – financial assets at fair value through profit or loss					(11,354)	–
Operating loss					(12,817)	(6,089)
Finance costs					(3,851)	–
Loss before income tax					(16,668)	(6,089)
Income tax expense					(394)	–
Loss for the period					<u>(17,062)</u>	<u>(6,089)</u>
Depreciation	–	–	–	522	–	522
Unallocated depreciation					96	–
					<u>96</u>	<u>522</u>
Capital expenditure	–	–	–	1,211	–	1,211
Unallocated capital expenditure					37	–
					<u>37</u>	<u>1,211</u>

The segment assets and liabilities at 30 September 2006 are as follows:

	Property investments HK\$'000	Aircraft charter HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	<u>391,019</u>	<u>162,659</u>	<u>243,582</u>	<u>797,260</u>
Liabilities	<u>6,379</u>	<u>1,660</u>	<u>319,761</u>	<u>327,800</u>

The segment assets and liabilities at 31 March 2006 are as follows:

	Property investments HK\$'000	Aircraft charter HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	<u>389,235</u>	<u>168,049</u>	<u>260,830</u>	<u>818,114</u>
Liabilities	<u>4,389</u>	<u>4,097</u>	<u>382,502</u>	<u>390,988</u>

Secondary reporting format – geographical segments

The Group's two business segments are operating in two main geographical areas:

Hong Kong:	Property investments and aircraft charter
Mainland China:	Technologies related services and property investments (Note 3)

There are no sales or other transactions between geographical segments.

	For the six months ended 30 September		Capital expenditure	
	Turnover		Turnover	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Hong Kong – Continuing	<u>19,790</u>	10,236	<u>640</u>	37
Mainland China – Discontinued	<u>-</u>	14,181	<u>-</u>	1,211
	<u>19,790</u>	<u>24,417</u>	<u>640</u>	<u>1,248</u>

	30 September 2006 HK\$'000	31 March 2006 HK\$'000
Total assets		
Hong Kong	797,207	818,061
Mainland China	53	53
	<u>797,260</u>	<u>818,114</u>

3 Discontinued operations

On 12 September 2005, the Group announced to dispose of its entire interest in the New World CyberBase Solutions (BVI) Limited and its subsidiaries to New World Mobiles Holdings Limited. The disposal was completed on 21 October 2005.

An analysis of the results and cash flows of discontinued operations is as follows:

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Turnover	-	14,181
Other revenues	-	24
Staff cost, depreciation and other operating expenses	-	(20,294)
	<u>-</u>	<u>(20,294)</u>
Loss before income tax	-	(6,089)
Income tax expenses	-	-
	<u>-</u>	<u>(6,089)</u>
Loss for the period	<u>-</u>	<u>(6,089)</u>
Net cash used in operating activities	-	(4,095)
Net cash used in investing activities	-	(1,179)
	<u>-</u>	<u>(1,179)</u>
Total net cash outflow	<u>-</u>	<u>(5,274)</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after crediting and charging the following:

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Crediting		
Gross rental income and management fee from investment properties	10,473	10,236
Gain on disposal of interest in subsidiaries	2,703	–
	<u>13,176</u>	<u>10,236</u>
Charging		
Depreciation	3,716	96
Operating lease rentals in respect of land and buildings	428	219
Direct outgoings in respect of investment properties	3,381	1,676
Provision for amount due from associated companies	13,291	1,112
Staff costs	5,489	2,200
	<u>26,305</u>	<u>5,303</u>

5 Finance costs

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Interest expense:		
– short-term bank loan	3,583	2,685
– short-term other loan	–	1,166
– convertible notes wholly repayable within five years	5,369	–
	<u>8,952</u>	<u>3,851</u>

6 Income tax credit/(expense)

Hong Kong profits tax and overseas profits tax have not been provided for as the Group has no estimated assessable profit for the period. (2005: Nil).

The amount of taxation credited/(charged) to the consolidated profit and loss account represents:

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Current income tax	-	-
Deferred income tax credit/(expense)	673	(394)
	673	(394)

7 (Loss)/profit per share

The calculation of basic (loss) per share is based on the (loss) for the period attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted profit/(loss) per share is based on the weighted average number of ordinary shares in issue during the period, as used in the calculation of basic loss per share and the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted profit/(loss) per share is based on the following data:

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Earnings/(loss)		
(Loss) from continuing operations attributable to the equity holders of the Company (net of minority interests), as used in the calculation of basic (loss) per share	(2,717)	(17,055)
Interest expense on convertible notes	5,369	–
Adjusted profit/(loss) from continuing operations attributable to the equity holders of the Company, as used in the calculation of diluted profit/(loss) per share	2,652	(17,055)
(Loss) from discontinued operations attributable to equity holders of the Company	–	(6,089)

	Number of shares	
	Six months ended	
	30 September	
	2006	2005
	(thousand)	(thousand)
		(restated)
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue for basic (loss) per share	1,654,908	408,376
Effect of dilutive potential ordinary shares:		
Convertible notes	827,778	–
Share options	2,559	5,781
Weighted average number of ordinary shares in issue for diluted profit/(loss) per share	2,485,245	414,157

The weighted average number of ordinary shares for the period ended 30 September 2005 is adjusted to reflect the change in the number of ordinary shares as a result of the rights issue of the Company which completed on 13 February 2006 (Note 16(a)(ii)).

8 Capital expenditure

	Investment properties <i>HK\$'000</i>	Property, plant and equipments <i>HK\$'000</i>
Cost or valuation		
Net book value as at 1 April 2006	385,000	143,992
Additions	–	640
Disposal	–	(179)
Disposal of subsidiaries	–	(957)
Depreciation	–	(3,716)
	<hr/>	<hr/>
Net book value as at 30 September 2006	385,000	139,780
	<hr/> <hr/>	<hr/> <hr/>
Net book value as at 1 April 2005	388,900	2,415
Additions	–	1,248
Depreciation	–	(648)
Reclassification to assets of disposal group classified as held for sale (<i>Note 3</i>)	(3,900)	(2,693)
	<hr/>	<hr/>
Net book value as at 30 September 2005	385,000	322
	<hr/> <hr/>	<hr/> <hr/>

9 Associated companies

	30 September 2006 <i>HK\$'000</i>	31 March 2006 <i>HK\$'000</i>
Share of net assets (<i>Note a</i>)	67	–
	<hr/>	<hr/>
Amounts due from associated companies (<i>Note b</i>)	58,982	26,431
Less: Provision	(13,291)	(26,431)
	<hr/>	<hr/>
	45,691	–
	<hr/>	<hr/>
	45,758	–
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The Group's share of net assets of the associated companies represents the Group's cost of investments plus its share of post-acquisition results and revenues in the associated companies under the equity method of accounting, the Group's share of losses of the associated companies is restricted to the cost of investment.
- (b) The amounts due from associated companies are unsecured, interest free and repayable on demand.

10 Financial assets at fair value through profit or loss

	30 September 2006 HK\$'000	31 March 2006 HK\$'000
Non-current assets		
Equity securities of companies listed in Hong Kong	45,587	42,524
Unlisted equity securities	1,150	1,150
	<u>46,737</u>	<u>43,674</u>
Current assets		
Equity securities of companies listed in Hong Kong	<u>49,436</u>	<u>27,946</u>

11 Long term receivable

In prior years, the Group acquired approximately a 3% interest in Draper Fisher Jurvetson ePlanet Ventures L.P. ("DFJ"), an unlisted limited partnership incorporated in the United States of America principally engaged in the investments in securities.

In October 2002, the Group disposed of its entire interest in DFJ to the General Partner of DFJ, which is not a related party, at a consideration of approximately HK\$23,663,000, or the market value of the portfolio upon the dissolution of the fund, whichever is the lower. The proceeds shall be settled not later than six months after the dissolution of DFJ, which was determined, subject to other terms in the partnership agreement of DFJ, to be in December 2009 or earlier.

The long term receivable was settled by the General Partner of DFJ at a proceed of approximately HK\$23,663,000 during the period. The carrying amount of the long term receivable at 31 March 2006 approximates its fair value.

12 Trade receivables

The Group's credit terms on provision of services range from 30 to 90 days. The ageing analysis of accounts receivables is as follows:

	30 September 2006 HK\$'000	31 March 2006 HK\$'000
Current to 30 days	750	3,609
31 to 60 days	407	205
61 to 90 days	–	228
Over 90 days	408	433
	<u>1,565</u>	<u>4,475</u>
Denominated in:		
HK\$	432	1,226
US\$	1,133	3,249
	<u>1,565</u>	<u>4,475</u>

The carrying value of accounts receivable approximates their fair values due to the short-term maturity.

13 Creditors, deposits and accruals

Included in the Group's creditors, deposit and accruals were accounts payables and their ageing analysis is as follows:

	30 September 2006 HK\$'000	31 March 2006 HK\$'000
Current to 30 days	1,300	2,520
31 to 60 days	1,014	645
61 to 90 days	1,360	890
Over 90 days	222	152
	<u>3,896</u>	<u>4,207</u>

The accounts payable were all denominated in HK\$.

The carrying value of the accounts payable approximates their fair values due to the short-term maturity.

14 Short-term loans

The Group's short-term loans are denominated in HK\$ and the carrying amounts of these loans approximate their fair values. The short-term loans are analysed as follows:

		30 September 2006	31 March 2006
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loan, secured	(a)	<u>126,939</u>	<u>151,724</u>

Note:

- (a) Secured bank loan, which carries interest at 0.65% over the bank's cost of fund (As at 31 March 2006: 1% over the Hong Kong Interbank Offer Rate), was secured by the Group's investment properties with carrying value amounted to HK\$385 million and a corporate guarantee provided by the Company. A director of the Company also provides a personal guarantee to the bank to the extent of all outstanding interests in connection with the loan.

15 Convertible notes

On 17 February 2006, the Company issued 2.5% convertible notes at a nominal value of HK\$200 million. These convertible notes have maturity period of three years from the issue date at their nominal value of HK\$200 million or can be converted into 1 ordinary share of the Company of HK\$0.02 each for every HK\$0.18 convertible note at the holder's option.

The fair values of the liability component and the equity conversion component were determined by an independent professional qualified valuer at issuance of the convertible notes.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves net of deferred income taxes.

The movement of convertible notes are as follows:

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
At the beginning of period	175,528	–
Interest expense	5,369	–
Interest paid	(419)	–
Partial conversion	(44,378)	–
	<hr/>	<hr/>
At the end of period	136,100	–
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the liability component of the convertible notes at 30 September 2006 amounted to HK\$130,420,000. The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 9.0% p.a..

Interest expense on the convertible note is calculated using the effective interest method by applying the effective interest rate of 7.3% p.a. to the liability component.

16 Share capital

(a) Authorised and issued share capital

	30 September 2006 HK\$'000	31 March 2006 HK\$'000
Authorised:		
15,000,000,000 ordinary shares of HK\$0.02 each	<u>300,000</u>	<u>300,000</u>
	Number of ordinary shares	
	Note at HK\$0.02 each	HK\$'000
Issued and fully paid:		
Balance at 1 April 2005	436,872,087	8,737
Issue of shares		
– Placing of shares (i)	58,000,000	1,160
– Rights issue (ii)	989,744,174	19,795
– Exercise of share options	<u>2,245,000</u>	<u>45</u>
Balance at 31 March 2006	1,486,861,261	29,737
Issue of shares		
– Exercise of share options	3,985,000	80
– Conversion of convertible notes	<u>283,333,331</u>	<u>5,667</u>
Balance at 30 September 2006	<u>1,774,179,592</u>	<u>35,484</u>

Notes:

- (i) On 19 May 2005, the Company completed a placing of 58,000,000 shares at a subscription price of HK\$0.24 per share. Accordingly, 58,000,000 shares of HK\$0.02 each were issued at a premium of HK\$0.22 each. The premium on issue of shares of HK\$12,760,000 was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.
- (ii) On 13 February 2006, the Company completed a rights issue of 989,744,174 shares at a subscription price of HK\$0.15 per share. Accordingly, 989,744,174 shares of HK\$0.02 each were issued at a premium of HK\$0.13 each. The premium on issue of shares of approximately HK\$128,667,000 was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.

(b) *Share options*

Movements of share options granted to directors and employees under the share option schemes of the Company during the period and their weighted average exercise prices are as follows:

	At 30 September 2006		At 31 March 2006	
	Weighted average exercise price per share HK\$	Number of share options	Weighted average exercise price per share HK\$	Number of share options
At beginning of the period/year	0.1692	15,306,420	0.2742	19,031,400
Granted	-	-	0.1636	828,900
Rights issue adjustment	N/A	-	N/A	2,060,020
Exercised	0.1685	(3,985,000)	0.1691	(2,245,000)
Lapsed/cancelled	0.1685	(500,414)	0.5457	(4,368,900)
At end of the period/year	0.1695	<u>10,821,006</u>	0.1692	<u>15,306,420</u>

Share options outstanding at the end of the period have the following exercise period and exercise price:

Date of grant	Exercise price HK\$	Exercise period	Number of shares subject to options	
			30 September 2006	31 March 2006
01-03-2005	0.1695 (note)	01-03-2005 to 28-02-2012	10,807,106	14,617,520
15-02-2006	0.1636	15-02-2006 to 16-04-2009	13,900	688,900
			<u>10,821,006</u>	<u>15,306,420</u>

Note:

The exercise price was adjusted from HK\$0.1933 to HK\$0.1695 pursuant to the rights issue of the Company on 13 February 2006.

17 Contingent liabilities

In March 2004, a PRC government institute filed a claim to the PRC court against the Company and certain of its former subsidiaries for the infringement of rights to derive benefits from using the city mapping information contents in the PRC and has claimed against the Group for an aggregate amount of RMB5 million (equivalent to approximately HK\$4.8 million) and an injunction for further usage of such information. By an order issued by the respective PRC court, the Company and certain of its former subsidiaries were required to freeze their asset value to the extent of the same amount in connection with the above claim. The litigation is still in progress as at 30 September 2006. The Directors consider that such court order will not materially and adversely affect the financial position or operating results of the Group. Accordingly, no provision has been made in the financial statements for the 30 September 2006.

18 Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

(a) Transactions with associated companies

		Six months ended	
		30 September	
		2006	2005
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Technical service fee receivable from a subsidiary of Asia V-Sat Co., Ltd. ("AVSAT"), an associated company	<i>(i)</i>	–	603
Advance to certain subsidiaries of AVSAT	<i>(ii)</i>	–	509
Advance to BAAJM	<i>(iii)</i>	7,145	–
Advance to Moral Known	<i>(iv)</i>	18,333	–
Advance to Crestbright Properties	<i>(v)</i>	16,500	–
Advance to Crestbright Investments	<i>(vi)</i>	17,003	–
		41,981	1,112

- (i) Technical service fee was charged to a subsidiary of AVSAT for the provision of project management services and technical consultancy services in connection of the call centre operations, which is based on 50% of the contract amounts entered into between the associated company and the external customers at mutually agreed terms.
- (ii) Advance to certain subsidiaries of AVSAT was made for working capital purposes.
- (iii) Advance to BAA Jet Management Limited ("BAAJM") was made for working capital purposes.
- (iv) Advance to Moral Known Investments Limited ("Moral Known") was made for capital injection in PRC property development project.
- (v) Advance to Crestbright Properties Limited ("CrestBright Properties") was made for capital injection in PRC property development project.
- (vi) Advance to Crestbright Investments Limited ("Crestbright Investments") was made for investment in environmental projects in PRC.

(b) *Transactions with related companies with common director*

		Six months ended	
		30 September	
		2006	2005
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Reimbursement of rental and office administrative expenses from a subsidiary of International Entertainment Corporation ("IEC"), a related company with common director	<i>(i)</i>	240	240
Interest income from certain subsidiaries of IEC	<i>(ii)</i>	249	237

- (i) The reimbursement of rental expenses from IEC for sharing the Group's office premises and utilities were calculated in proportion to the office space occupied. Administrative expenses were charged on actual cost basis taking into account the headcount and/or office space occupied.
- (ii) The interest income was charged on loans granted on certain subsidiaries of IEC at mutually agreed terms.

(c) Key management personnel compensation

	Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	1,465	3,298
Employee share option benefits	–	628
Contributions to pension schemes	15	73
	1,480	3,999

(d) Amounts due from related parties

	30 September	31 March
	2006	2006
	HK\$'000	HK\$'000
Amounts due from related companies with common director	8,764	8,717

19 Subsequent events

On 11 October 2006, the Company announced that Jadesails Investments Limited and Quinway Company Limited, both are indirect wholly-owned subsidiaries of the Company, entered into an appointment agreement with Savills (Hong Kong) Limited ("Savills") for the appointment of Savills as the sole sales agent in relation to the possible disposal of certain investment properties in Hong Kong by public tender (the "Disposal"). No formal agreement of the Disposal has been reached up to the date of this report.

On 4 December 2006, the Company announced that a wholly-owned subsidiary of the Company has, on 28 November 2006, accepted the share offer in respect of 6,000,000 shares in Hanny Holdings Limited ("Hanny") at the offer price of HK\$3.8 per Hanny's shares. Total consideration received by the Group was HK\$22.8 million and the Group is expected to record an unaudited gain on disposal of approximately HK\$6.5 million.

Four holders of convertible notes with aggregate principal amount of HK\$60 million gave notices to the Company on 20 December 2006 to convert the convertible notes at the conversion price of HK\$0.18 per share. As a result of the conversion, a total of 333,333,331 ordinary shares of HK\$0.02 each would be allotted and issued.