

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended
30 September 2001
(Unaudited)
HK\$

Net cash outflow from operating activities	(2,781,288)
Interest received	481,235
Net proceeds from disposal of investment in securities	5,512,708
Advances to investee companies	<u>(5,848,400)</u>
Decrease in cash and cash equivalents	(2,635,745)
Cash and cash equivalents at beginning of year	<u>3,589,196</u>
Cash and cash equivalents at 30 September 2001	<u><u>953,451</u></u>

NOTES TO CONDENSED INTERIM REPORTS

1. Basis of preparation

The condensed unaudited consolidated interim reports ("Interim Reports") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The accounting policies and methods of computation used in the preparation of this Interim Reports are consistent with those in the audited reports for the year ended 31 March 2001, except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 26:	Segment reporting
SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 29:	Intangible assets
SSAP 30:	Business combination
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries

The changes to the Group's accounting policies and the effect of adopting these new policies are set out below:

(a) *SSAP 9 (revised): Events after the balance sheet date*

In accordance with the revised SSAP 9, the Group no longer recognizes dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has no impact on the Group's Interim Reports.

(b) *SSAP 26: Segment Reporting*

In Note 2 to this Interim Reports, the Group has not disclosed business segment nor geographical information as required under SSAP 26, as the Group has one single business segment, investment holding, and it only operates in Hong Kong.

2. Turnover

Turnover for the period is as follows:

	Six months ended	
	30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Proceeds from sale of listed securities	5,890,378	35,036,022
Dividend income from listed securities	0	875,207
	<u>5,890,378</u>	<u>35,911,229</u>

3. Other revenue

Other revenue for the period is as follows:

	Six months ended	
	30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Interest income	481,235	885,364
Other income	0	24,476
	<u>481,235</u>	<u>909,840</u>

4. Taxation

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 September 2001 (2000: Nil).

Deferred tax has not been provided for the Group and the Company as there were no significant timing differences giving rise to deferred tax liabilities at 30 September 2001.

5. Losses per share

The calculation of losses per share is based on the net losses for the period of HK\$2,200,053 (2000: HK\$7,841,613) and the weighted average number of ordinary shares of 1,010,714,000 shares (2000: 1,000,000,000 shares) in issue during the period. No diluted losses per share for 2000 and 2001 are presented as the effect arising from the exercise of outstanding warrants is anti-dilutive.

6. Investments in securities

	30 September 2001 (Unaudited) HK\$	31 March 2001 (Audited) HK\$
<i>Held-to-maturity debt securities</i>		
Unlisted convertible bonds	<u>10,900,000</u>	<u>10,900,000</u>
<i>Other investments</i>		
Unlisted equity securities	8,609,000	8,609,000
Listed equity securities in Hong Kong, at cost	68,238,982	71,212,157
Unrealised holding losses	<u>(23,519,895)</u>	<u>(20,980,362)</u>
	53,328,087	58,840,795
<i>Less: Provision for permanent diminution of unlisted equity securities</i>	<u>(1,415,000)</u>	<u>(1,415,000)</u>
	<u>51,913,087</u>	<u>57,425,795</u>
	<u><u>62,813,087</u></u>	<u><u>68,325,795</u></u>