

NOTES TO THE FINANCIAL STATEMENTS (For the six months ended 30 June 2004)

1. CORPORATE INFORMATION

The Company was incorporated on 20 May 1992 as an exempted company in the Cayman Islands with limited liability. The Company was listed on The Stock Exchange of Hong Kong Limited on 18 June 1992. The Company obtained a secondary listing on the London Stock Exchange on 23 November 1994.

The principal place of business of the Company is located at Level 22, 1 Queen's Road Central, Hong Kong.

During the period, the Company did not have any investing activity.

On 5 September 2001, the Board of Directors (the "Board") resolved to take steps to wind up the Company. Further details of this decision and the basis of presentation adopted in preparing these financial statements are set out in note 2 below.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed financial statements have been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") and SSAP 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

Pursuant to the Board meeting held on 5 September 2001, at which it was decided to wind up the Company as soon as practical, the Board has been taking steps to achieve this since then. Accordingly, the financial statements have been prepared on the net realisation basis since the year ended 31 December 2001, with all assets and liabilities being classified as current assets and liabilities.

The financial information relating to the financial year ended 31 December 2003 included in this interim financial report does not constitute the Company's statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2003 are available from the Company's principal place of business. The auditors have expressed an unqualified opinion on those accounts in their report dated 29 March 2004.

In the opinion of the Directors, adequate provision amounting to US\$109,560 has been made for the expenses of winding-up of the Company and for any additional liabilities expected to arise as a result of the winding-up at 30 June 2004 (31 December 2003: US\$108,529).

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2003 annual accounts.

The accounting policies and methods of computation adopted in the 2003 annual accounts have been consistently applied to the interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)**Dividends**

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends are approved by the shareholders and declared they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors authority to declare interim dividends. Consequently, interim dividends are recognised as a liability when they are proposed and declared.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3. SEGMENT INFORMATION

During the period, the Company did not carry out any investment activity. Accordingly, no analysis of segmental information by principal activity is presented.

An analysis of the Company's revenue and assets by geographical area for the financial period is as follows:

	Six months ended 30 June	
	2004	2003
	(unaudited)	(unaudited)
	US\$	US\$
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Gross revenue:		
Hong Kong	2	10
The People's Republic of China, except Hong Kong	—	5,474
Elsewhere	230	11,109
	<hr/>	<hr/>
	232	16,593
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Segment assets:		
Hong Kong	260,349	82,474
The People's Republic of China, except Hong Kong	—	5,912,100
Elsewhere	—	3,059,818
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	260,349	9,054,392
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The Directors consider that it is not practical to analyse the operating expenses by the geographical area of the operations, no analysis of loss before tax by geographical area is presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. LOSS BEFORE TAX**

The Company's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2004	2003
	US\$	US\$
	(unaudited)	(unaudited)
Auditors' remuneration	—	4,500
Directors' remuneration	33,113	33,880
Exchange losses, net	770	5,088

The Company had no staff costs other than directors' remuneration during the period (six months ended 30 June 2003: Nil).

5. TAX

Under the current laws of the Cayman Islands, the Company is not required to pay any taxes in the Cayman Islands on either income or capital gains. The Company has received an undertaking from the Governor in Council of the Cayman Islands pursuant to the provisions of Section 6 of the Tax Concessions Law (Revised), which exempts the Company from any such tax at least until the year 2012.

No provision for Hong Kong profits tax has been made for the period as the Company did not generate any assessable profits in Hong Kong during the period (six months ended 30 June 2003: Nil).

No deferred tax has been provided as there were no significant temporary differences at 30 June 2004 (31 December 2003: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period from ordinary activities attributable to the shareholders of US\$233,312 (six months ended 30 June 2003: loss of US\$209,635) and on the 24,374,813 (six months ended 30 June 2003: 24,374,813) ordinary shares in issue during the period.

Diluted loss per share has not been presented as no diluting events existed during either period.

NOTES TO THE FINANCIAL STATEMENTS (continued)**7. DIVIDENDS**

The Directors do not recommend a payment of any interim dividend in respect of the six months ended 30 June 2004 (six months ended 30 June 2003: US\$0.1429 per ordinary share, being a distribution in specie of the Company's investment in A-S China Plumbing Products Limited of US\$3,482,074).

	Six months ended 30 June	
	2004	2003
	(unaudited)	(unaudited)
	US\$	US\$
Special interim — Nil (six months ended 30 June 2003: US\$0.1429 per ordinary share)	—	3,482,074

8. CREDITORS

All amounts payable to the creditors are aged within one month (31 December 2003: one month).

9. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on net assets of US\$60,639 (31 December 2003: US\$293,951) and the 24,374,813 (31 December 2003: 24,374,813) ordinary shares in issue at 30 June 2004.

10. COMPARATIVE AMOUNTS

Certain comparative amounts in the segmental information have been reclassified to conform with the current period's presentation.

11. AUDIT COMMITTEE

The Audit Committee has reviewed with management the Company's financial reporting process and discussed accounting and internal control matters, including a review of these interim financial statements which have not been audited.