

Notes:

1. **Basis of preparation and accounting policies**

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the audited annual financial statements for the year ended 31 March 2005.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/ revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRS”) which are effective for accounting periods commencing on or after 1 January 2005.

The interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this information. The HKFRS standards and interpretations that will be applicable at 28 February 2006, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The adoption of new/ revised HKASs and HKFRSs did not result in substantial changes to the Group’s accounting policies except those specifically set out in Note 2 below.

2. **Changes in accounting policies**

The effect of adopting new HKFRS 2 “Share Based Payments”.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 March 2005, the provision of share options to employees and consultants did not result in an expense in the income statements. Effective on 1 April 2005, the Group expenses the cost of the share options in the income statement. For the six months ended 30 September 2005, as a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 30 September 2005 was expensed retrospectively in the income statement of the respective periods. The adoption of HKFRS 2 resulted in:

	As at 30 September 2005 HK\$	As at 31 March 2005 HK\$
Increase in share reserve	<u>120,000</u>	<u>676,000</u>
Decrease in retained profits	<u>120,000</u>	<u>676,000</u>



	6 months ended 30 September 2005 HK\$	Year ended 31 March 2005 HK\$
Increase in consultancy fees	—	278,000
Increase in employment costs	120,000	398 000
	<u>120,000</u>	<u>676,000</u>
Decrease in basic loss per share	<u>(0.02 cents)</u>	<u>(0.09 cents)</u>
Decrease in diluted earnings per share	<u>N/A</u>	<u>N/A</u>

The adoption of HKFRS 2 resulted in a decrease of HK\$676,000.00 in opening retained profits at 1 April 2005. For the year ended 31 March 2005, comparatives have been amended as required, in accordance with the relevant requirements.

The calculation of basic earnings per share (EPS) for the year ended 31 March 2005 as reported in the annual report 2005, based on the profit attributable to shareholders of HK\$5,564,000.00 and on weighted average number of 822,370,000 ordinary shares in issue or deemed to be in issue throughout the year presented was adjusted to HK\$4,887,790.00. Based on the same number of weighted average number of shares in issue or deemed to be in issue throughout the period resulted in a decrease of calculated EPS by HK0.09 cents to HK0.59 cents. For the period up to 30 September 2005, the adoption of HKFRS 2 resulted in decrease of EPS by HK0.02 cents to HK0.57 cents based on loss attributable to shareholders of approximately HK\$5,492,000.00 and on weighted average number of 965,066,667 ordinary shares in issue or deemed to be in issue throughout the period.

Diluted earnings per share have not been presented as there were no dilutive potential ordinary shares outstanding for the period ended 30 September 2005 and year ended 31 March 2005.

Certain comparative figures have been reclassified to confirm with current period presentation.



3. Segment information

		Six months ended 30 September	
		2005	2004
		HK\$'000	HK\$'000
(a)	Analysis of turnover segment		
	Property sales	—	—
	Asphaltic rocks sales	1,867	—
		<u>1,867</u>	<u>—</u>
		<u>1,867</u>	<u>—</u>
		Six months ended 30 September	
		2005	2004
		HK\$'000	HK\$'000
(b)	By geographical segment		
	China	—	—
	Indonesia	1,867	—
		<u>1,867</u>	<u>—</u>
		<u>1,867</u>	<u>—</u>



(c) By business segment

	(Unaudited) Property Development 6 months ended 30 September 2005 2004 HK\$'000 HK\$'000		(Unaudited) Energy and Natural Resources 6 months ended 30 September 2005 2004 HK\$'000 HK\$'000		(Unaudited) Consolidated 6 months ended 30 September 2005 2004 HK\$'000 HK\$'000	
Segment revenue:						
Sales to external customers	<u> — </u>	<u> — </u>	<u> 1,867 </u>	<u> — </u>	<u> 1,867 </u>	<u> — </u>
Segment results	<u> (83) </u>	<u> (3,801) </u>	<u> 453 </u>	<u> (2) </u>	<u> 370 </u>	<u> (3,803) </u>
Bank interest income					7	—
Unallocated expenses					<u> (5,710) </u>	<u> (2,851) </u>
Loss from operating activities					<u> (5,333) </u>	<u> (6,654) </u>
Finance costs					<u> — </u>	<u> — </u>
Loss before taxation					<u> (5,333) </u>	<u> (6,654) </u>
Taxation					<u> — </u>	<u> — </u>
Loss before minority interests					<u> (5,333) </u>	<u> (6,654) </u>
Minority interests					<u> (159) </u>	<u> — </u>
Loss from ordinary activities attributable to shareholders					<u> (5,492) </u>	<u> (6,654) </u>



4. Turnover

Turnover represents net proceeds after business tax and discounts received and receivable from the sales of properties in China to outside customers, management fee income and sale of natural resources, asphaltic rocks.

	Six months ended 30 September	
	2005	2004
	HK\$'000	HK\$'000
Proceeds from sale of properties	—	—
Sales of asphaltic rocks	1,867	—
	<u>1,867</u>	<u>—</u>
	<u>1,867</u>	<u>—</u>

Business tax is only calculated at 5% on the proceeds received and receivable from the sale of properties.

5. Loss from operations

	Six months ended 30 September	
	2005	2004
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging:		
Directors' remuneration	1,893	870
Other staff costs (excluding directors):		
Salaries and allowances	619	888
Retirement benefit scheme contributions	27	12
Total staff costs	<u>2,539</u>	<u>1,770</u>
Auditors' remuneration	150	112
Depreciation of owned fixed assets	158	7
Gain on disposal of fixed assets	<u>9</u>	<u>3,798</u>
and after crediting:		
Interest income	<u>7</u>	<u>—</u>



6. Taxation

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong.

The charge represents the PRC income tax. The PRC income tax is calculated at a rate of 33% on the assessable profits arising in the PRC. No provision for the PRC income tax has been made for the current period since there was no assessable profit during the period.

Deferred tax has not been provided for in these Interim Accounts as the amounts involved are not significant (30 September 2004: Nil).

7. Loss per share

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 September	
	2005	2004
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (HK\$)	(5,492,000)	(6,654,000)
Weighted average number of ordinary shares in issue	965,066,667	800,000,000
Basic loss per share (HK cents per share)	<u>(0.57)</u>	<u>(0.83)</u>

Diluted

Diluted earnings per share have not been presented as there were no dilutive potential ordinary shares outstanding for the period ended 30 September 2005 (30 September 2004: Nil).



8. Interim dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2005 (2004: Nil).

9. Fixed assets

	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
At cost:				
As at 1 April 2005 (Audited)	52	980	77	1,109
Disposal (Unaudited)	—	—	(11)	(11)
As at 30 September 2005 (Unaudited)	52	980	66	1,098
Accumulated depreciation:				
As at 1 April 2005 (Audited)	10	294	18	322
Charge for the period (Unaudited)	5	147	6	158
On disposal written back (Unaudited)	—	—	(2)	(2)
As at 30 September 2005 (Unaudited)	15	441	22	478
Net book value:				
As at 30 September 2005 (Unaudited)	37	539	44	620
As at 31 March 2005 (Audited)	42	686	59	787



10. Trade receivables

The Group's trade receivable comprises of sale of own-developed properties, energy and natural resources. For the property segment, the Group grants credit terms to purchasers of properties on the merit of individual purchaser's credit. For energy and natural resource segment, customers are credit assessed and rated for credit approval. The aged analysis of trade receivables as at 30 September 2005 and 31 March 2005 are as follows:

	As at 30 September 2005 (Unaudited) HK\$'000	As at 31 March 2005 (Audited) HK\$'000
0 – 90 days	1,867	95,000
91–180 days	95,000	7,991
181–270 days	–	26,660
	<u>96,867</u>	<u>129,651</u>

11. Secured promissory notes

Pursuant to a conditional sale and purchase agreement dated 23 March 2004, a secured promissory note of HK\$4,000,000 was issued in favour of the Group and was to be paid on 31 December 2004. Pursuant to a supplementary agreement dated 10 January 2005, the repayment of the secured promissory note was extended and interest was charged at 10% per annum on the outstanding amount. The final principal outstanding amount of HK\$3,500,000 was subsequently settled on July 2005.

12. Amount due from ultimate holding company

The amount due is unsecured, interest free and has no fixed terms of repayment.



13. Share capital

	Company	
	As at 30 September 2005	As at 31 March 2005
Authorised:		
20,000,000,000 of ordinary shares of HK\$0.01 each:	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each:		
As at 31 March 2005/2004	9,150,000	8,000,000
New issue of shares by way of placing (note) (a)	—	1,150,000
(note) (b)	140,015	—
(note) (c)	<u>1,830,000</u>	—
As at 30 September 2005/31 March 2005	<u>11,120,015</u>	<u>9,150,000</u>

Notes:

- (a) On 10 January 2005, the Company announced that it had entered into a Placing and Subscription Agreement dated 7 January 2005 (the “Agreement”) with the joint placing agents and the ultimate holding company, Climax Park Limited (“Climax Park”). Pursuant to the Agreement, Climax Park agreed to place through the joint placing agents, an aggregate of 115,000,000 ordinary shares of HK\$0.01 each (the “Placing Shares”) to independent third parties at a price of HK\$0.4 per share. Pursuant to the Agreement, Climax Park conditionally agreed to subscribe for an aggregate of 115,000,000 shares at a price of HK\$0.4 per share. The Placing Shares were issued under the general mandate granted to the directors of the Company by resolution of the Company’s shareholders passed at the extraordinary general meeting of the Company held on 21 February 2005.
- (b) 14,000,000 ordinary shares of HK\$0.01 were issued pursuant to the exercise of share options during the period by individuals according to terms of the share option scheme allocated to employees and consultants. An amount of HK\$15.00 was received from option holders for the right to subscribe for these options.
- (c) The amount represents the gross proceeds from the warrant placing of 183,000,000 warrants at HK\$0.01 per warrant pursuant to a Warrant Placing Agreement entered on 27 July 2005 between an independent individual, Mr. Kan Che Kin, Billy Albert and the Company.

Each warrant carries the right to subscribe for one new share of the Company at an initial exercise price of HK\$0.19 per new share for a period of three years commencing from 19 August 2005. Mr. Kan Che Kin, Billy Albert had not exercised any subscription rights attaching to the warrants.

The holder of the warrants will not have any right to attend or vote at any meeting of the Company by virtue of him being the holder of the warrants. The holder of the warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.



14. Operating lease commitments

As at 30 September 2005, the Group had future aggregate minimum lease payments under the non-cancellable operating leases in respect of land and buildings as follows:

	As at 30 September 2005 (Unaudited) HK\$'000	As at 31 March 2005 (Audited) HK\$'000
Within one year	—	218
From the second to fifth year inclusive	—	40
	<u>—</u>	<u>40</u>
	<u>—</u>	<u>258</u>

15. Related party transactions

There were no significant related party transactions undertaken by the Group at any time during the six months ended 30 September 2005 and 30 September 2004.

16. Obligation under a hire-purchase contract

As at period ended 30 September 2005 and year ended 31 March 2005, the Group had obligation under a hire-purchase contract repayable as follows:

	As at 30 September 2005 HK'000	As at 31 March 2005 HK'000
Within one year	137	226
More than one year but within five years	801	828
	<u>938</u>	<u>1,054</u>
Total minimum finance lease payable	938	1,054
Future finance charges on finance lease	(162)	(185)
	<u>776</u>	<u>869</u>
Total present value of minimum lease payment	<u>776</u>	<u>869</u>
Present value of minimum finance lease liabilities		
– Within one year	113	186
– More than one year but within five years	663	683
	<u>776</u>	<u>869</u>

