

NOTES TO THE FINANCIAL STATEMENTS

30 September 2005

(Amount expressed in Hong Kong dollars unless otherwise stated)

1. Accounting Policies

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the audited annual financial statements for the year ended 31 March 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current Period’s financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC) – Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK – Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of the above-mentioned HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated interim financial statements.

2. Revenue

During the Period, in view of the fact that the Group had actively developed its marketing service activities, the Directors conducted a detailed review of the business structure of the Group, particularly in the classification of revenue and other income. As a result of the review, the Directors considered that it is more appropriate to reclassify the provision of marketing services as one of its principal activities, and the associated income are then presented under revenue. Accordingly, marketing service fee income of approximately HK\$5,286,000 for the six months ended 30 September 2004 had been reclassified from other income to revenue to conform to the current Period's presentation. On the other hand, the related trade receivables of approximately HK\$6,298,000 and trade payables of approximately HK\$6,086,000 as at 31 March 2005 had been reclassified from other receivables and other payables, respectively. Revenue for the Period therefore represents: (i) the marketing service fee income, which is recognised as the underlying services have been rendered; (ii) interest income received and receivable, which is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and (iii) gain on disposal of financial assets at fair value through profit and loss.

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2005 '000 (Unaudited)	2004 '000 (Unaudited) & Restated)
Marketing service fee income	32,547	5,286
Interest income	1,784	626
Gain on disposal of financial assets at fair value through profit and loss	148	74
	<u>34,479</u>	<u>5,986</u>

3. Segment Information

The details of the Group's primary reporting segment of business segments are as follows:
(a) the marketing service segment engages in the provision of marketing services; and (b) the investment holding segment engages in investments in equity investments.

For the purpose of this interim report, no segment analysis is presented because more than 90% of the Group's turnover and contribution to results were contributed by the marketing service generated in Taiwan. The Group will, however, present its full segment information in the coming Annual Report in compliance with HKAS 14.

4. Other Income And Gains, Net

An analysis of other income and gains, net, is as follows:

	For the six months ended 30 September	
	2005 '000 (Unaudited)	2004 '000 (Unaudited) & Restated)
Unrealised gains on changes in fair values of financial assets at fair value through profit and loss, net	253	—
Others	1	170
	<u>254</u>	<u>170</u>

5. Profit/(Loss) Before Tax

Profit/(Loss) before tax is arrived at after charging:

	For the six months ended 30 September	
	2005	2004
	'000	'000
	(Unaudited)	(Unaudited)
Depreciation	142	80

6. Tax

No Hong Kong profits tax has been provided as there were no assessable profits arising in Hong Kong during the Period (2004: Nil). Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 September	
	2005	2004
	'000	'000
	(Unaudited)	(Unaudited)
Current – elsewhere	2,417	–

The Group has substantial tax losses in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

7. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share for the Period is based on the profit attributable to equity holders of the Company of approximately HK\$6,461,000 (2004: loss of approximately HK\$3,250,000) and the weighted average number of 2,400,001,640 (2004: 2,400,001,640) ordinary shares in issue during the Period.

No diluted earnings/(loss) per share amounts have been disclosed for the six months ended 30 September 2004 and 2005 as there was no dilutive events existed for these periods.

8. Interim Dividend

The Directors do not propose any interim dividends in respect of the Period (2004: Nil).

9. Fixed Assets

Fixed assets comprise leasehold improvements, furniture, fixtures and office equipment. During the Period, the Group spent approximately HK\$40,000 on acquisitions of some office equipment (31 March 2005: approximately HK\$1,134,000).

10. Trade Receivables

The Group's trading terms with its customers are mainly on credit. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are regularly reviewed by senior management. An aged analysis of the trade receivables as at the balance sheet date, based on payment due date is as follows:

	30 September 2005 '000 (Unaudited)	31 March 2005 '000 (Audited & Restated)
Within 30 days	4,240	6,296
31 – 60 days	223	2
61 – 90 days	144	–
91 – 120 days	7	–
	<u>4,614</u>	<u>6,298</u>

11. Financial Assets At Fair Value Through Profit And Loss

	30 September 2005 '000 (Unaudited)	31 March 2005 '000 (Audited)
Overseas unlisted equity investments, at fair value	<u>47,022</u>	<u>40,711</u>

12. Cash And Cash Equivalents And Pledged Time Deposits

	30 September 2005 '000 (Unaudited)	31 March 2005 '000 (Audited)
Time deposits	5,203	4,502
Cash and bank balances	<u>133,296</u>	<u>134,189</u>
	138,499	138,691
Less: Pledged time deposits for bank guarantees	<u>(5,203)</u>	<u>(4,502)</u>
Cash and cash equivalents	<u>133,296</u>	<u>134,189</u>

The time deposits were pledged to a bank as security for bank guarantees given by such bank to certain counter-parties in relation to the provision of marketing services.

13. Trade Payables

An aged analysis of the trade payables as at the balance sheet date, based on payment due date, is as follows:

	30 September 2005 '000 (Unaudited)	31 March 2005 '000 (Audited & Restated)
Within 30 days	3,820	6,057
31 – 60 days	6	13
61 – 90 days	–	9
91 – 120 days	–	7
	<u>3,826</u>	<u>6,086</u>

14. Share Capital

	30 September 2005 '000 (Unaudited)	31 March 2005 '000 (Audited)
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
2,400,001,640 ordinary shares of HK\$0.1 each	<u>240,000</u>	<u>240,000</u>

Share options

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme included the Company’s Directors, employees and other individuals as determined by the Board from time to time on the basis of their contribution to the success of the development and growth of the Group. The Scheme was adopted by the Company on 30 September 2004 and approved by The Stock Exchange of Hong Kong Limited (“SEHK”) on 28 October 2004 of the listing of, and permission to deal in, any new shares which may be issued upon exercise of the subscription rights attaching to the options to be granted under the Scheme not exceeding 10% of the total number of shares in issue as at the date of the adoption of the Scheme and, unless otherwise cancelled or amended, will remain in force for ten years from the latter date.

The maximum number of unexercised share options as permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the Independent Non-Executive Directors (“INED”s). In addition, any share options granted to a substantial shareholder or INED of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the Board at its sole discretion in respect of any particular grant on a case by case basis, but in any case, shall not be more than ten years from the grant date subject to the provisions for early termination set out in the Scheme.

The subscription price of the share options is determinable by the Board, but shall not be lower than the highest of (i) the closing price of the shares as stated in the SEHK's daily quotation sheet on the grant date, which must be a trading day; (ii) the average closing price of the shares as stated in the SEHK's daily quotation sheets for the five trading days immediately preceding the grant date; and (iii) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No new share option was granted under the Scheme.

15. Other Reserves And Accumulated Losses

The detailed movements in total equity during the Period were disclosed in the Condensed Consolidated Statement Of Changes In Equity.

16. Operating Lease Arrangements

The Group leases certain of its office properties, equipment and staff quarters under operating lease arrangements. Leases are negotiated for terms ranging between one to five years.

At 30 September 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2005 '000 (Unaudited)	31 March 2005 '000 (Audited)
Within one year	333	2,522
In the second to fifth years, inclusive	5,312	4,729
	<u>5,645</u>	<u>7,251</u>

17. Commitments And Contingent Liabilities

As at 30 September 2005 and 31 March 2005, the Group had no significant commitments or contingent liabilities.

18. Related Party And Connected Transactions

There had been no related party and connected transactions during the Period (2004: Nil).

19. Approval Of The Interim Financial Report

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 8 December 2005.