NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

1 Basis of preparation of financial statements

The condensed unaudited interim financial statements ("Interim Report") have been prepared in accordance with applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited and compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2 Principal accounting policies

The Interim Report is prepared under the historical cost convention, except that, certain financial instruments are stated at fair value.

The Interim Report should be read in conjunction with the 2005 annual financial statements.

The principal accounting policies used in the preparation of this Interim Report are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2005, except for the accounting policy changes described in Note 3 below.

3 Changes in accounting policies

In the current period, the Company has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards, HKAS and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has resulted in changes to the Company's accounting policies in the following areas but have no effect on how the results for the current or prior accounting periods are prepared.

Financial instruments

In the current period, the Company has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permitted the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are as follows:

Classification and measurement of financial assets and liabilities

The Company has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

3 Changes in accounting policies *(Continued)*

Classification and measurement of financial assets and liabilities *(Continued)*

By 31 March 2005, the Company classified and measured its equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the income statement. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 April 2005 onwards, the Company classifies and measures its equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair value recognised in the income statement and equity respectively. Available-for-sale financial assets of which the fair value cannot be measured reliably are stated at cost less impairment. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1 April 2005, the Company classified and measured its equity securities in accordance with the requirements of HKAS 39. The Company reclassified its investment securities with carrying amount of HK$778,000 as available-for-sale financial assets, other investments with carrying amount of HK$18,087,200 as financial assets at fair value through profit or loss. This change has no material effect on the results for the current or prior accounting periods.

Potential impact of new standards not yet applied

The Company has not early applied the following new standards or interpretations that have been issued but are not yet effective:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	Cash Flow Hedge Accounting for Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 and HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) – Int 4	Determining whether an Arrangement contains a Lease
HK (IFRIC) – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market, Waste Electrical and Electronic Equipment

3 Changes in accounting policies *(Continued)*

Potential impact of new standards not yet applied *(Continued)*

The Company has already commenced an assessment of the impact of these new standards or interpretations but is not yet in a position to determine whether these new standards or interpretations would have a significant impact on its results of operations and financial position.

4 Turnover

The Company principally engaged in medium to long-term investments in listed and unlisted securities in the Greater China. Turnover represented dividend income from investments in securities during the period.

5 Segment information

No segment information is presented as all of the turnover, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong.

6 Profit/(Loss) before taxation

Profit/(Loss) before taxation is stated after charging the following:

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Contributions to retirement benefits scheme (already included in staff costs)	**12,000**	10,000
Depreciation	**3,860**	3,860
Operating lease payments in respect of office premises	**54,000**	54,000
Staff costs (including directors' emoluments)	**457,998**	417,570

7 Taxation

No provision for Hong Kong profits tax is required since the Company has sufficient tax losses brought forward to set off against current period's assessable profit.

The taxation for the six months ended 30 September 2005 and 30 September 2004 can be reconciled to profit/(loss) per the income statement as follows:

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Profit/(loss) before taxation	**5,650,620**	(6,884,781)
Tax at Hong Kong profits tax rate of 17.5% (2004: 17.5%)	**988,858**	(1,204,836)
Tax effect of income that is not taxable in determining taxable profit	**(61,537)**	(38,434)
(Tax effect of utilisation of tax losses previously not recognised)/Tax effect of deferred tax asset not recognised	**(927,321)**	1,243,270
Taxation	**–**	–

8 Interim Dividend

The board of directors does not recommend the payment of interim dividend in respect of the six months ended 30 September 2005 (2004: Nil).

9 Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the Company's net profit attributable to the shareholders of HK$5,650,620 (2004: Net loss of HK$6,884,781) divided by the weighted average number of ordinary share outstanding during the period, being 100,000,000 (2004: 100,000,000).

There were no dilutive potential shares during the period ended 30 September 2005 and 30 September 2004, therefore, no diluted earnings/(loss) per share has been presented.

10 Available-for-sale financial assets/Investment securities

	30 September 2005 (Unaudited) *HK$*	31 March 2005 (Audited) *HK$*
Unlisted equity securities, at cost	**853,000**	853,000
Less: Provision for impairment losses	**(75,000)**	(75,000)
	778,000	778,000
Classified as:		
Investment securities	**–**	778,000
Available-for-sale financial assets	**778,000**	–
	778,000	778,000

11 Financial assets at fair value through profit or loss/Other investments

	30 September 2005 (Unaudited) *HK$*	31 March 2005 (Audited) *HK$*
Equity securities listed in Hong Kong, at market value	**23,817,500**	18,087,200
Classified as:		
Other investments	**–**	18,087,200
Financial assets at fair value through profit or loss	**23,817,500**	–
	23,817,500	18,087,200

12 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2004: 17.5%)

The movement on the deferred tax liabilities account is as follows:

	30 September 2005 (Unaudited) *HK$*	31 March 2005 (Audited) *HK$*
Deferred tax liabilities at the beginning of the period/year	**2,085**	601,631
Credit to income statement for the period/year	**–**	(599,546)
Deferred tax liabilities at the end of the period/year	**2,085**	2,085

13 Share capital

	30 September 2005 (Unaudited) *HK$*	31 March 2005 (Audited) *HK$*
Authorised:		
200,000,000 ordinary shares of HK$0.10 each	**20,000,000**	20,000,000
Issued and fully paid:		
100,000,000 ordinary shares of HK$0.10 each	**10,000,000**	10,000,000

14 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Company at 30 September 2005 of HK$50,964,780 (31 March 2005: HK$45,314,160) by the number of ordinary shares in issue at that date, being 100,000,000 (31 March 2005: 100,000,000)

15 Lease commitments

At 30 September 2005, the total future minimum lease payments under non-cancellable operating leases for the premises are payable as follows:

	30 September 2005 (Unaudited)	31 March 2005 (Audited)
	HK$	*HK$*
Within one year	**40,500**	94,500

16 Related party transactions

During the six months ended 30 September 2005, The Company had entered into the following significant related party transactions which, in the opinion of the directors, were carried out on normal commercial terms and in ordinary course of the Company's business:

(A) Transactions with related companies:

1. the Company paid rental expense totalling HK$54,000 (2004: HK$54,000) for office premises to Oriental Patron Finance Limited ("OPFL"). OPFL is a fellow subsidiary of Oriental Patron Financial Services Group Limited ("OPFSGL"), a substantial shareholder of the Company which had an interest of 29.80% in the share capital of the Company as at 30 September 2005. The directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have beneficial interests in OPFSGL.

2. during the period, investment management fee of HK$346,804 (2004: HK$386,218) was paid or payable to Oriental Patron Asia Limited ("OPAL"). OPAL ("Oriental Patron Fund Management", the trade name adopted by OPAL in fund management activities) is the investment manager of the Company and is a wholly owned subsidiary of OPFSGL.

3. the investment management fee were charged in accordance with the agreement with OPAL for investment management services and is calculated at 1.5% per annum on the net asset value of the Company at each preceding month end as defined in the agreement.

4. the Company paid brokerage commission totalling HK$27,346 (2004: HK$Nil) to Oriental Patron Securities Limited, a wholly owned subsidiary of OPFSGL, for securities services provided. The brokerage commission was charged at 0.25% on transaction value.

16 Related party transactions *(Continued)*

(B) Compensation of key management personnel:

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Short-term employee benefits	**258,000**	256,000

17 Comparative Figures

In the prior period, cash flows arising from the purchase and sale of financial assets were classified as investing activities. In the current period, the directors considered it more appropriate to reclassify those cash flows as operating activities to more fairly reflect the underlying nature of the transactions. The comparative figures have been restated to conform with the current period's presentation.

18 Approval of Interim Report

The Interim Report was approved by the board of directors on 22 December 2005.