

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Due to the adoption of new accounting principles, the Group's prior period's results have been restated. Certain items have been reclassified to reflect the changes as well. Details of such changes are disclosed in notes 1 and 2 to the interim financial statements. The Group's unaudited net loss for the six months ended 30 September 2005 was HK\$73.47 million compared to HK\$27.65 million for the corresponding period last year. The loss was mainly caused by trading securities loss of HK\$43.5 million as well as unrealised holding losses of securities investments of HK\$28.8 million.

Turnover increased from HK\$25.6 million in the last period to HK\$111.5 million in this period. Details of the segmental analysis of the turnover can be seen on note 3 to the interim financial statements. The Group remains lowly geared and very liquid with a leverage ratio of 0.2 and a current ratio of 848%.

BUSINESS REVIEW

Businesses of the Group can be divided into the following major categories:

(a) Property investment

The Group's investment portfolio comprises mainly two floors of office building and two shop spaces in North Point and two high class residential units in Hong Kong. Part of the properties are self occupied and the rest rented out with a monthly rental in excess of HK\$300,000. The current property market is undergoing a consolidated phase and the management is still optimistic in the longer term prospect and hence would continue to look for investment in this area.

(b) Investments in securities

The performance of the Group's investments in securities was not satisfactory during the half year under review with a loss. The management has taken serious consideration to improve the performance of this division and hopes the contribution from the investments in securities would improve for the whole year.

(c) Money lending business

The Group's money lending business has provided a satisfactory and stable return on our surplus funds. It is expected this line of business would continue to form part of the Group's major lines of business.

(d) Advertising Business in China

On 25 October 2005, the Group has entered into a conditional subscription cooperative agreement to invest a maximum of HK\$40 million, which equates to 40% of Newline Advertising Inc., a company that has an exclusive right to place advertisement outside lottery selling booths and counters in China. It is expected a total of 150,000 spots would be established within five years. This outdoor advertising network, when completed would be very valuable. Details of this investment were disclosed in an announcement of the Company dated 8 November 2005 and a circular of which is expected to be posted to shareholders shortly. Subject to the approval of shareholders, the management is very optimistic about the future of the Company's investment in this new line of business.

(e) Investment in casino services and gaming business

The Group's investment in casino services in Macau was temporary put on hold as the investee company was unable to provide satisfactory financial information to the Group. On the other hand, the Group is looking at investing in similar line of business in other countries.

PROSPECT

Subsequent to the financial half year end, the Company announced a fully underwritten rights issue to raise HK\$234 million before expenses. With the new capital, the Group's financial position improve from strength to strength with even better financial ratios. As such the Group is well positioned to take on new investment opportunities as and when they arise. At present the Company is looking at various investment opportunities in the internet related business in Taiwan to further diversify its investment. With gradual recovery of the local economy, it is hopeful that the whole year result will improve.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 30 September 2005, the Group's total assets and borrowings were HK\$584,474,000 and HK\$89,341,000, respectively. The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar, and thus, there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) was 15.29%. As at 30 September 2005, investment properties amounted to HK\$102,000,000 was pledged to a bank to secure a loan facility granted to the Group and investments in securities with carrying amount of HK\$124,909,000 were pledged to a margin finance provider to secure margin financing provided to the Group.

The Company had carried out two placement of shares in April and August 2005. 500,000,000 new ordinary shares of HK\$0.10 each were allotted and issued for cash to individual investor at a price of HK\$0.16 per share in April 2005. Total net proceeds of approximately HK\$80.0 million was raised from the placement and the amount will mainly be used for the repayment

of the Group's bank and other borrowings and the balance for general working capital of the Group. 237,000,000 new ordinary shares of HK\$0.10 per share were allotted and issued for cash to individual investors at a price of HK\$0.10 per share in August 2005. Total net proceeds of approximately HK\$23.1 million was raised from placements and the amount intended to be used as to future investments in property related business in Hong Kong and general working capital.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Details of the acquisition and disposal of subsidiaries during the period are set out in note 17 to the interim financial statements.

CURRENCY RISK MANAGEMENT

Most cash and bank balances are denominated in Hong Kong dollars. The Group's foreign currency assets are immaterial. The Group's exposure to foreign exchange risk is minimal and as such did not have any requirement to use financial instruments for hedging purpose.

PLEDGE OF ASSETS

Details of the charges on the Group's assets are set out in note 14 to the interim financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Details of the acquisition of certain properties by the Group subsequent to the balance sheet date are set out in note 22 to the interim financial statements. Further details of which are also included in the section "Business Review", under the sub-heading "Property investments" above. The acquisition is expected to be financed primarily by the proceeds from the issue of new shares of the Company subsequent to the balance sheet date and new/available credit facilities of the Group, as well as the internal financial resources of the Group.

CONTINGENT LIABILITIES

As at 30 September 2005, the banking facilities granted to certain subsidiaries subject to guarantees given to a bank by the Company were utilised to the extent of approximately HK\$29,600,000 (2004: Nil).

Save as the above, there was no further material development or realisation of the contingent liabilities of the Group at the date of approval of the interim financial statements.

POST BALANCE SHEET EVENTS

Details of the Group's post balance sheet events are set out in note 22 to the interim financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2005, the interests of the directors and chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the ordinary shares of the Company

Name of director	Number of shares of HK\$0.02 each held, capacity and nature of interest		Percentage of the Company's issued share capital
	Directly beneficially held	Through controlled corporation	
Kwong Kai Sing, Benny	50,000,000	–	2.66%
Lo Ki Yan, Karen	35,000,000	–	1.86%
Ong Peter	5,000,000	–	0.27%

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2005, none of the directors and chief executive of the Company, or any of their associates, had registered any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Share options

The Company operates a share option scheme on 10 October 1996, which was subsequently amended on 30 September 1997, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations (the "Old Share Option Scheme"). The provisions of the Old Share Option Scheme do not comply with the current requirements of Chapter 17 of the Listing Rules. Accordingly, during the period, the Board proposed to adopt a new share option scheme (the "New Share Option Scheme") to replace the Old Share Option Scheme and to terminate the Old Share Option Scheme with effect from the adoption of the New Share Option Scheme. The New Share Option Scheme will comply with Chapter 17 of the Listing Rules. A summary of the principal terms of the New Share Option Scheme is set out in a circular of the Company dated 10 September 2004.

At the special general meeting of the Company held on 28 September 2004, the ordinary resolution to adopt the New Share Option Scheme and to terminate the Old Share Option Scheme was duly passed by the shareholders of the Company.

During the six months ended 30 September 2005, no share options were granted, cancelled or exercised.

The following share options were outstanding under the Old Share Option Scheme during the six months ended 30 September 2005:

Category of participant	Number of share options			Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of Company's shares at grant date of options***
	At 1 April 2005 '000	Granted during the period '000	At 30 September 2005 '000				
Employee	33,645	–	33,645	30-01-2004	30-01-2014 30-01-2004 to	0.076	0.108

* The vesting period of the share options was from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital. Pursuant to the provisions of the Old Share Option Scheme, the rights issue of the Company subsequent to the balance sheet date (the "Rights Issue") would constitute an event giving rise to an adjustment to the exercise price of the share options granted under that scheme.

The Company will determine the adjustments required to be made to the exercise price of the share options as a result of the Rights Issue and will give notice to the holders of the share options granted under the Old Share Option Scheme according to the terms of that scheme.

*** The price of the Company's shares disclosed as at the date of grant of the share options was the Stock Exchange closing price on the trading day on which the options were granted.

At 30 September 2005, the Company had 33,645,000 share options outstanding under the Old Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 33,645,000 additional ordinary shares of the Company and additional share capital of approximately HK\$673,000 and share premium of approximately HK\$1,884,000 (before issue expenses). On 3 October 2005, all the share options outstanding was surrendered by the holder and cancelled.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2005, the following interests of 5% or more of the nominal value of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO Ordinance:

Long positions in the ordinary shares of the Company

Name of shareholder	Capacity and nature of interest	Number of Ordinary shares of HK\$0.02 each held	Percentage of the Company's issued share capital
Radford Capital Investment Limited	Directly beneficially owned	172,651,000	9.19%

Save as disclosed above, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has repurchased 47,876,000 Shares on the Stock Exchange during the six months ended 30 September 2005 as follows:

Date	No. of Shares Repurchased	Share Price	
		Highest HK\$	Lowest HK\$
June/2005			
6	3,000,000	0.099	0.095
7	3,135,000	0.095	0.091
8	20,084,000	0.108	0.089
9	10,780,000	0.106	0.097
10	10,877,000	0.103	0.098
	47,876,000		

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees.

REVIEW BY AUDIT COMMITTEE

The interim report has been reviewed by the Audit Committee which comprises four independent non-executive directors and one non-executive director.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2005.

COMPLIANCE WITH CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code for the six months ended 30 September 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2005, except for deviation of the code provisions A.2.1 and A.4.1 of the Code as mentioned below.

According to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Up to the date of this interim report, the Board has not appointed an individual to the post of chief executive officer. The roles of the chief executive officer have been performed collectively by all the executive directors, including the chairman, of the Company. The Board considers that this arrangement allows contributions from all executive directors with different expertise and is beneficial to the continuity of the Company’s policies and strategies. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing an individual to chief executive officer when it thinks appropriate.

According to the code provision A.4.1. of the Code, non-executive director should be appointed for a specific term and subject to rotation. The independent non-executive directors of the Company are not appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company’s bye-laws.

By the Order of the Board

Kwong Kai Sing, Benny

Chairman

Hong Kong, 20 December 2005