

INTERIM DIVIDEND

The directors of the Company (the “Directors”) have resolved not to declare an interim dividend for the six months ended 30th September, 2005 (1.4.2004 to 30.9.2004: nil).

INTERIM RESULTS

For the six months period ended 30th September, 2005, the Group recorded a loss of HK\$546,000 compared against a profit of HK\$9,058,000 for the corresponding period in 2004. Loss per share was HK0.27 cent (1.4.2004 to 30.9.2004: earnings per share of HK4.96 cents, adjusted for the effect of share consolidation).

OPERATIONS REVIEW

For the period under review, the Group was principally engaged in the businesses of financing, trading, securities, property and investment holding. The turnover of the Group, comprising mainly interest income and trading revenue, amounted to HK\$37,971,000 and increased by about 11% when compared with HK\$34,108,000 for the last period. The loss incurred by the Group was primarily attributable to the impairment loss of HK\$6,000,000 recognised in respect of the investment in a pharmaceutical company.

The financing business continued to be a major contributor to the Group’s turnover and operating profit. For the period under review, the segment reported a turnover of HK\$14,008,000 (1.4.2004 to 30.9.2004: HK\$15,997,000) and an operating profit of HK\$14,071,000 (1.4.2004 to 30.9.2004: HK\$14,826,000). The decreases in the segment’s turnover and operating profit were primarily due to the lower average balance of loans advanced to customers when compared to the prior period.

The Group’s trading operation presently focuses on trading of electronic products. When compared with the last period, the segment showed a revenue growth of about 29% to HK\$23,355,000 (1.4.2004 to 30.9.2004: HK\$18,110,000) due to increased trading activities whereas the operating loss of HK\$888,000 incurred represented mainly set up costs of the operation. The Group is currently exploring trading opportunities in other commodities with the view to diversify and expand the source of revenues of this operation.

The Group was not active in its securities and property operations during the period. The operating loss of the property segment represented mainly property management costs of the Group's investment properties which are currently vacant.

The Group's investment activities recorded a loss of HK\$6,084,000 and was primarily attributable to the impairment loss of HK\$6,000,000 made against an investment in a 22.5% owned investee company, Xi'an Yizhiliu Pharmaceutical Co., Ltd. ("Xi'an Yizhiliu"). The performance of Xi'an Yizhiliu was not satisfactory as it had incurred losses for three consecutive financial years. As a result, the Group decided that an impairment loss be recognised against this investment to reflect the recoverable amount. The Group's 40% owned associate which is engaged in investment in Hong Kong listed securities performed well during the period. The Group recorded a share of profit of HK\$400,000 from this associate representing mainly the realised gain on trading of listed securities.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group continued to be in a strong liquidity position throughout the period under review. At 30th September, 2005, net current assets of the Group amounted to HK\$272,955,000 (31.3.2005: HK\$242,800,000) with bank balances and cash totaled HK\$5,839,000 (31.3.2005: HK\$3,744,000). The Group had no bank borrowings at 30th September, 2005. Accordingly, its gearing ratio was nil at the period end date.

The Group had no material capital commitment at the period end date. In light of the amount of liquid assets in hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

The Group's assets portfolio is mainly financed by its shareholders' funds. At 30th September, 2005, the Group had shareholders' funds of HK\$520,646,000 (31.3.2005: HK\$506,720,000). The increase in shareholders' funds was principally attributable to the net proceeds of HK\$10,438,000 raised by the Company through placement of 20 million new shares during the period.