

MANAGEMENT DISCUSSION AND ANALYSIS

Results analysis

For the year ended 31 March 2006, the Group recorded a turnover of approximately HK\$38,000, represented a decrease of approximately HK\$2.06 million when compared with that in the corresponding year in 2005. This unfavourable performance was due mainly to nil disposal of financial assets at fair value through profit or loss during the year under review. However, the operating income raised 11% as compared to that in last year; the recorded net loss attributable to shareholders for the year amounting to approximately HK\$1.48 million was improved by 58% as compared with the net loss of approximately HK\$3.52 million recorded the same period last year. The improvement was mainly due to gain on disposal of investment in available-for-sale financial assets. The administrative expenses incurred by the Group were kept at a reasonably low level, with a decrease of HK\$227,000 compared to that in last year as a result of strict cost control measures adopted. In brief, the cost structure of the Group has been successfully locked at the efficient level. On a per share basis, basic loss per share was HK\$0.0042 (2005: HK\$0.0099) and net assets value per share was HK\$0.06 at the balance sheet date (2005: HK\$0.06).

Business Review

Operating Review

During the year under review, the global market was unstable and unpredictable due to increase in interest rates in the United States, Central Government's macro economic control policy adopted in the mainland China, fluctuation in the global oil prices and the currency markets are still the factors that continuously influence the investors' decision making over last year. However, the Hong Kong economy can be observed as benefit from the stable economic growth in Hong Kong and the fast growth in the mainland in 2006. The recent strong performances of the local stock market and overseas equity markets have reflected overall improved market conditions globally and domestically.

FUTURE OUTLOOK

In 2006, the Group will continue to identify and pursue investment opportunities in Hong Kong, the PRC and other areas and shall manage the existing investment objectives and policies that achieving long-term capital appreciation and growth in profits.

The Group has an optimistic view on Hong Kong's economic prospect as well as the mainland economy growth and will continue to reinforce its commitment in improving its performance in years ahead. The Group will work closely with its investment manager to identify suitable investment targets and will also evaluate strategic exit opportunities in order to realize capital gain so as to increase the group's realized profits.



CHAIRMAN'S STATEMENT

FINANCIAL RESOURCES

Financial resources and liquidity

At year-ended date, the Group had long term receivable increased to HK\$77,000 (2005: HK\$46,000) due to further accrued the interest income receivable from the investments in the unlisted convertible bond. As at 31 March 2006, the Group had net current assets of HK\$6,915,000 (2005: HK\$12,720,000) where the net assets amounted to HK\$21,073,000 (2005: HK\$22,701,000) and no borrowings or bank loan or long term liabilities as at 31 March 2006. At the same day, the Group's cash and bank balances amounted to HK\$445,000 (2005: HK\$357,000).

At 31 March 2006, approximately 17% of the value of the Group's investments was in a portfolio of listed shares and approximately 22% in unlisted investments while the remaining was in the form of cash and convertible bond.

In terms of liquidity, the current ratio, calculated on the basis of the total current assets over total current liabilities at year-end date was 7.62 (2005:12.34) and the gearing ratio, calculated on the basis of the total liabilities over total shareholders' fund as at 31 March 2006, was 0.043 (2005: 0.045).

EMPLOYEES

As at 31 March 2006, the Group has 4 employees and the total remuneration paid to staff was approximately HK\$1,559,000 during the year under review. The employees were remunerated based on their responsibilities and performance.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to our former fellow Directors, Company Secretary and Investment Manager for their contribution and support to the Group.

On behalf of the Board of Directors, I wish to express my sincere thanks to the management team and our staff for their continued and dedicated efforts and to all our Investment Manager, bankers and shareholders for their support during the year.

Wang Chun Lin

Chairman

Hong Kong, 21 July 2006