

Beijing Far East Instrument Co., Ltd. ("Far East")

Based on the unaudited management account as at 30 June 2006, the profit of Far East has amounted to Rmb9.114 million, as compared with Rmb2.74 million of the same period of 2005. The profit is mainly contributed from the investment income, the dividend income from Beijing Rosemount Far East Instrument Co. Limited, the joint venture of Far East with Rosemount Inc. for advanced market segment. The investment income booked in June 2006 account is Rmb5.52 mn as compared to Rmb2.23 mn booked in June 2004 account. After provisions made for impairment losses on an entrusted investment, the Group shares a profit of Far East for about HK\$2.21 million.

Far East has also succeeded in streamlining the production of traditional electrical products and restructuring the product composition. Far East will concentrate on exploring the business in self-developed systems, which includes the automatic recording system and building integrated control systems.

Quoted Investment

As at 30 June 2006, the Group's investment in quoted securities includes an investment of 10 million shares in Skyworth Digital Company Limited ("Skyworth"). The Group received HK\$100,000 dividend income from the shareholding of Skyworth in January 2006. Skyworth shares were stated at a valuation of HK\$0.76 per share at the end of June 2006.

On 24 October 2005, the Group subscribed 3,954,000 shares of China Construction Bank Corporation -H shares at HK\$2.35 per share. At 30 June 2006, the shares were stated at their fair value of HK\$3.55 per share.

In view of the active IPO market in the first half year of 2006, the Group utilized the liquid money to make IPO subscription, which produces a gain of HK\$1.34 million for the Group.

FUTURE PROSPECTS

Although the new austerity measures in regulating the real estate sector have increased policy uncertainties in the near term, it is effective to curb down the speculative investments, create a transparent market structure and to prevent over-expansion in real estate market. In the long term, the large developers with good financial position will benefit from the market. The limited land supply for large-sized residential properties will push up the sales price of the luxury properties units. In view of the healthy growth of the real estate sector and China's buoyant economic market, the Directors of the Company are optimistic on the prospects of the Group.