

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend in respect of the six months ended 30 June 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 June 2006, the Group recorded a net loss of approximately HK\$1,677,000 representing a substantial decrease of approximately 87.78% as compared to a net loss of approximately HK\$13,722,000 of last corresponding period, which was mainly due to no impairment loss of available-for-sale financial assets was made in current period (2005: impairment of approximately HK\$9,267,000). The net assets value of the Group was approximately HK\$36,873,000 as of 30 June 2006 (as at 31 December 2005: HK\$38,550,000).

Operating Review

The principal activity of the Group is investing in both listed and unlisted securities in Hong Kong as well as in the People's Republic of China (the "PRC"). There was no change in the nature of the Group's principal activities during the period ended 30 June 2006. As at 30 June 2006, the total fair value of the Group's investments was HK\$16,947,000. The fair value of listed stocks amounted to HK\$8,797,000 as at 30 June 2006 while the fair value of unlisted investment was HK\$8,150,000.

The Group recorded a revenue of HK\$364,000 for the six months ended 30 June 2006 (2005: HK\$196,000). Fair value loss on financial assets for the period was HK\$214,000 (2005: loss of HK\$2,659,000) which was mainly attributable to unrealized holding loss of the Group's investments in listed companies. However, excluding the fair value loss incurred on Jiangsu Nandasoft Company Limited (which has been held by the Group since November 2002), the Group achieved a fair value gain of HK\$927,000 in current period under review on its trading in listed equity securities in Hong Kong.

As at 30 June 2006, investments in unlisted companies represented 48.09% of the fair value of the Group's investments. The operating performance of the two investments in unlisted companies remain below expectation. However, the information submitted by the respective management of the two unlisted companies to the Company indicated that there was new product launched by 北京綜藝達軟件技術有限公司 (「北京綜藝達」) and strategic relocation of operations by Nantong Einolda Smart Card Manufacturing Co., Ltd. (南通藝能達智能卡製造有限公司 (「南通藝能達」)) to Shenzhen. Accordingly, the managements of the two unlisted companies expect improvements in the long run. The investment manager will continue to monitor and suggests not to make further provision at this stage and will review by year end whether further provision on these two investments will be required.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity, Financial Resources and Funding

The Group maintained cash and cash equivalents of HK\$20,200,000 as of 30 June 2006. As all cash was placed in Hong Kong dollar deposits, there was minimal exposure to exchange fluctuation.

The Group had net assets of HK\$36,873,000 (31 December 2005: HK\$38,550,000) and there were no borrowings or long-term liabilities as at 30 June 2006.

Capital Structure

There was no change in the capital structure of the Group during the Period.

Material Acquisitions and Disposals of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the Period.

Employees

As at 30 June 2006, the Group had 8 employees, including executive and independent non-executive Directors. Total salary and housing cost for the period ended 30 June 2006 was HK\$373,500 and Director's fees were HK\$75,000. The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, no share options were granted to any directors or employees of the Group under the Company's share option scheme adopted on 7 October 2002.

Charge on Group Assets

During the Period, there were no charges on the Group's assets.

Contingent Liabilities

As at 30 June 2006, no contingent liabilities were noted by the Directors.

Significant Investments

The Company is principally engaged in investing in listed and unlisted companies established and/or doing business in the Asia Pacific Region, mainly the People's Republic of China, excluding Hong Kong and Macau, and Hong Kong and other Asian countries.