

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2006, the Group recorded a turnover of approximately HK\$25,000, represented a increase of approximately HK\$9,000 when compared with those in the same period last year. The unaudited consolidated net loss attributable to shareholders of the Group for the period was approximately HK\$1,120,000 representing a slightly increase of 3.4% as compared to that of approximately HK\$1,083,000 in the corresponding period of last year. The loss per share of the Company was approximately HK0.28 cents (2005: HK0.31 cents).

The loss incurred by the Group in the financial period under review was primarily due to no disposal on any investment in financial assets at fair value through profit or loss and increase in demolition expense on old office place.

As at 30 September 2006, the total assets of the Group were approximately HK\$22,295,000, of which the non-current portion and the current portion were approximately HK\$14,493,000 and approximately HK\$7,802,000 respectively, the current liabilities was about approximately HK\$546,000; the net assets of the Group amounted to approximately HK\$21,749,000 (31 March 2006: HK\$21,073,000). In terms of liquidity, the current ratio, calculated on the basis of the total current assets over total current liabilities at the period ended date was approximately 14.3 (31 March 2006: 7.62) and the gearing ratio, calculated on the basis of the total liabilities over total shareholders' fund as at 30 September 2006, was approximately 0.025 (31 March 2006: 0.043).

The Group had no material contingent liabilities as of 30 September 2006 (2005: Nil).

The source of funding of the Group is mainly from disposal of available-for-sales financial assets and shareholders' fund. On 11 May 2006, the Company had entered into a placing agreement with independent investor to place a total of 65,790,000 new shares of the Company at the placing price of HK\$0.038 each. The Placing was completed in May 2006 and generated a total of approximately HK\$2,500,020 before expenses which was mainly used for working capital purpose. Further details of the placing of new shares are set out in the announcement of the Company dated 12 May 2006.

OUTLOOKS

The Company was managing a portfolio of diversified unlisted and listed company securities covering a range of industry sectors to achieve risk diversification. The Group is optimistic as to future prospects of these companies in their respective lines of businesses due to the market sentiment will be improved by market speculation on the revaluation of Reminbi would cause huge inflow of fund from foreign investors on local stock and money market as well as with stable money supply from bank, and the Group remains prudent in its scrutiny process, and will continue to identify promising projects to invest in as a result to enhance the shareholder value.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group did not have significant capital commitment nor contingent liabilities as at 30 September 2006.

EMPLOYEES

As at 30 September 2006, the Group has employed 3 employees (2005: 4 employees) and the total remuneration paid to staff was approximately HK\$673,000 (2005: HK\$793,000) during the period under review. The employees were remunerated based on their responsibilities and performance.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2006, the interests and short positions of the directors, the chief executives and their associates of the Company in the shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives and their associates of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") in the Listing Rules as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Wang, Annie	Beneficial owner	12,500,000	2.9%
Mr. Luk Cheong	Held by controlled corporation (Note 1)	70,568,000	16.8%
Mr. Wang Chun Lin	Held by controlled corporation (Note 1)	70,568,000	16.8%

Notes:

1. Mr. Luk Cheong and Mr. Wang Chun Lin beneficially own 6,800,000 and 6,600,000 ordinary shares of US\$1 each in Shen Gang Limited ("Shen Gang"), representing approximately 34% and 33% of the issued share capital of that company, respectively. Shen Gang in turn owns 70,568,000 ordinary shares of the Company.

Save as disclosed above, at no time during the six months ended 30 September 2006 was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or chief executives and their associates of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives and their associates of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within in meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed issuers contained in the Listing Rules as at 30 September 2006.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company or its subsidiary a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.