MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 September 2006, the Group's turnover was approximately HK$19.8 million, representing an increase of approximately 93.3% as compared to last corresponding period. The Group posted an operating profit of HK$5.5 million while last corresponding period was recorded as operating loss of HK$12.8 million.

The almost double in turnover was due to aircraft charter business only commenced in the second half of 2005/06 financial year. Therefore, there was no comparative figure for the corresponding financial period. By eliminating this factor, the turnover was comparable to last corresponding period.

The modest loss in the first half of the fiscal year 2006/07 was attributable to the loss in the start up aircraft charter business and the higher interest rate environment. A favorable external investment environment helped to contain the loss situation. A net fair value gain of HK$7.4 million from our portfolio of listed and unlisted investments and the reversal of impairment losses of HK$11.2 million from a long term receivable helped to partially offset the overall loss.

Loss attributable to shareholders was HK$2.7 million (2005: Loss of HK$23.1 million).

Business review

During the first six months of the fiscal year, the business of the Group focused on two segments: property investment and aircraft charter business.

In the property sector, the Group continued to own the basement and ground floors of Bank of America Tower in Central, Hong Kong. This business segment continued to provide a stable and reliable stream of revenue to the Group. For the period under review, the property generated a revenue of HK$10.5 million.

The Group currently owns a G200 private jet to carry on the aircraft charter business. Another brand new G450 aircraft will be delivered to the Group in the third quarter of 2007. The aircraft charter business generated a revenue of HK$9.3 million for the first six months of 2006/07. In order to facilitate the continuing development of the private jet services business, the Group entered into a joint venture agreement with independent third parties including Shenzhen Airlines to form a joint venture company in PRC to provide aircraft charter and management services. Through this joint venture, it will facilitate the Group's expansion of its business in the private jet services in the PRC and Hong Kong. Apart from this, the Group also disposed of 59.9% interest in BAA Jet Management Limited (a former wholly-owned subsidiary engaging in aircraft charter and management business) with an aim to broaden its shareholders' base. It is envisaged that the new shareholder would bring in new business opportunities and fresh funding to nourish the business of this company.

As stated in the 2006 Annual Report, the Group realigned its business focus into investment holding and proactively looking into other business with good prospects. During the period, the Group has made investment in three new associated companies. Two of them are intended to develop property projects in Hangzhou, PRC. The remaining one is dedicated to environmental projects in PRC. Since all these projects are in their preliminary stage of development, more details will be provided when the time is ripe.

Future outlook

In October 2006, the Group appointed an independent property agent as the sole sales agent to sale our investment properties by public tender. The outcome of the disposal of investment properties will only be confirmed in the first half of 2007. As an investment holding company, the Group holds strategic investments in a number of listed and unlisted companies. The Group will continue to review its investment portfolio to achieve a balanced and satisfied return for its shareholders. Furthermore, the Group will act decisively whenever new investment opportunities arise.

Financial resources

1. *Liquidity and financial resources*

   As at 30 September 2006, the Group's shareholders' fund amounted to HK$469.5 million (31 March 2006: HK$427.1 million) and the net asset value per share was HK$0.26 (31 March 2006: HK$0.29).

   The Group's funding was derived from internal resources and corporate financing activities. Total net borrowings of the Group (total borrowings net of bank and cash balances) as at 30 September 2006 amounted to HK$162.4 million (31 March 2006: HK$155.8 million). In respect of the secured bank loan of approximately HK$126.9 million as at 30 September 2006, it is subject to annual review by the bank. Due to this arrangement, the secured bank loan is booked as current liability in the financial statements, however, does not represent the total bank loan amount has to be repaid within one year from 30 September 2006. Besides, the Group has been able to repay principal balances plus interests on time and the carrying value of the Group's investment properties pledged to secure the bank loan amounted to approximately HK$385 million as at 30 September 2006 is well in excess of the balance of the secured loan. Therefore, the Directors consider that the Group does not face any immediate repayment pressure of a large portion of the secured bank loan.

   As at 30 September 2006, the cash and bank balances were HK$100.7 million (31 March 2006: 171.5 million). Undrawn banking facilities of the Group as at 30 September 2006 was approximately HK$71.1 million (31 March 2006: HK$12.8 million). Liquidity ratio as at 30 September 2006 was 1.14 (31 March 2006: 1.29).

   During the six months period ended 30 September 2006, aggregate convertible notes with principal amount of HK$51 million were converted into the ordinary shares of the Company at the conversion price of HK$0.18 per share. As a result of the conversion, a total of 283,333,331 ordinary shares of HK$0.02 each were allotted and issued. The aggregate outstanding principal of the Convertible Notes as at 30 September 2006 was HK$149 million.

2. *Gearing*

   As at 30 September 2006, the gearing ratio of the Group was 0.33 (31 March 2006: 0.4). The gearing ratio was calculated based on the Group's total borrowings to total assets.

3. *Financial risk management*

The Group mainly operates in Hong Kong with most of the transactions settled in HK$ and United States dollar (US$) and Renminbi. The Group's assets and liabilities, and transactions arising from its operations that are exposed to foreign exchange risk are primarily with respect to Renminbi and US$. The Group has not used any forward contracts or currency borrowings to hedge its exposure as foreign exchange risk is considered minimal.

The Group's income and operating cash flow are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the cash and cash equivalents. The Group's exposure to changes in interest rates is mainly attributable to its short-term loans and convertible notes. Short-term loans carry interest at floating rates expose the Group to cash flow interest rate risk. Convertible notes issued at fixed rate expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

4. *Pledge of assets*

Investment properties with a carrying amount of HK$385 million (31 March 2006: 385 million) were pledged to a bank as collaterals for banking facilities granted to the Group.

5. *Contingent liabilities*

In 2004, a PRC governmental institute has bought a litigation against the Company and certain of its former subsidiaries for the infringement of rights to derive benefits from using the city mapping information contents by the former subsidiaries in the PRC amounting to Rmb5 million (equivalent to approximately HK$4.8 million). The litigation is still in progress up to the date of this report. While the outcome of such contingencies cannot be determined at present, the Directors believe that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

Employees scheme

As at 30 September 2006, the Group employed 11 full-time employees in Hong Kong. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 30 September 2006 (2005: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 September 2006, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

1 Long positions in the shares

Name of director	Capacity	Number of shares interested	Percentage of shareholding
Lo Lin Shing, Simon	Interest of a controlled corporation	375,072,301 *(Note)*	21.14%
Lau Wai Piu	Beneficial	1,200	0.00007%

Note: Such shares are held by Golden Infinity Co., Ltd. of which Mr. Lo Lin Shing, Simon is interested in its entire issued share capital. Accordingly, Mr. Lo is deemed to be interested in the 375,072,301 shares held by Golden Infinity Co., Ltd. under the SFO.