

INTERIM DIVIDEND

The directors of the Company (the "Directors") have resolved not to declare an interim dividend for the six months ended 30th September, 2006 (1.4.2005 to 30.9.2005: nil).

INTERIM RESULTS

For the six months ended 30th September, 2006, the Group recorded a loss of HK\$105,351,000 compared against a loss of HK\$546,000 for the corresponding period in 2005. Loss per share was HK8.88 cents (1.4.2005 to 30.9.2005: 0.27 cent).

The turnover of the Group, comprising mainly sales of securities and interest income from provision of finance, amounted to HK\$96,241,000 and increased by about 153% when compared with HK\$37,971,000 for the six months ended 30th September, 2005.

OPERATIONS REVIEW

For the period under review, the Group was principally engaged in the businesses of securities, financing, trading, property and investment holding. During the period, the Group had disposed of 55% interest in Mega Victory Limited, a previous subsidiary of the Company which owned the trading arm of the Group, and a profit of approximately HK\$59,836,000 has been recorded thereon. After the disposal, the Group still retains a 45% interest in Mega Victory Limited.

During the period, the Group has further strengthened its business in securities investment and trading. Turnover of trading of securities for the period was HK\$78,530,000 (1.4.2005 to 30.9.2005: HK\$608,000). The segment had recorded a loss of HK\$45,394,000 after taking into account of the changes in fair values of listed securities held for trading.

Turnover of the provision of finance business for the period was amounted to HK\$14,136,000 (1.4.2005 to 30.9.2005: HK\$14,008,000). The business recorded a loss of HK\$104,453,000 in this period (1.4.2005 to 30.9.2005: gain of HK\$14,071,000) mainly due to impairments of approximately HK\$118,752,000 made on two loans receivable of the Group with carrying amounts, before impairments, at 30th September, 2006 of approximately HK\$226,197,000 which were granted in early year 2004. During the period, the two borrowers had defaulted in the repayment of the loan interests and recovery actions had been taken by the Group in respect of such loans receivable. After reviewing the status of the said loans receivable by the Directors of the Company, the above-mentioned impairments were made in this period.

In view of the improvement in the local property market, the Group had increased its investment in properties in the period. As at 30th September, 2006, the amount of the investment properties amounted to HK\$36,670,000 compared with the amount of HK\$3,000,000 at 31st March, 2006.

On the investment business side of our activities, the Group had disposed of all its investment in Xian Yizhiliu Pharmaceutical Co., Ltd. during the period and recorded a loss of HK\$3,920,000. The Group had also recorded a decrease in fair value of the listed securities component of the available-for-sale investments of HK\$39,830,000 during the period.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30th September, 2006, net current assets of the Group amounted to HK\$270,677,000 (31.3.2006: HK\$316,525,000) with bank balances and cash totaled HK\$4,230,000 (31.3.2006: HK\$30,426,000).

As at 30th September, 2006, the Group had other borrowings of approximately HK\$50,000,000 (31.3.2006: HK\$12,004,000), secured bank loans of HK\$20,874,000 (31.3.2006: Nil), bank overdrafts of HK\$2,396,000 (31.3.2006: HK\$762,000) and margin financing payable of HK\$902,000 (31.3.2006: HK\$2,929,000). Gearing ratio calculated on the basis of the Group's total borrowings over shareholders' funds was 15.33% (31.3.2006: 3.13%) at the balance sheet date. The other borrowings, secured bank loans, bank overdrafts and margin financing payable of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar. There is no exposure to fluctuations in exchange rates in relation to the borrowings.