

BUSINESS REVIEW AND PROSPECTS

During the Period, the Group had a profit attributable to equity holders of the Company of approximately HK\$6.5 million, reflecting good progress toward profitability from prior year (2004: a loss of approximately HK\$3.3 million). The improvement reflects Board's appropriate decision to dispose of unprofitable businesses in prior financial year, and effective management control of operating expenses.

Following the disposal of Group's unprofitable businesses in prior financial year, the Group shifted its business focus to sectors such as communications, media and financial services where the Group has significant core competency.

With this new business focus, the Group has been actively developing the marketing service rendering, while at the same time, evaluating potential investment projects that fall within the above-mentioned business areas. While some of these project evaluations are only at their preliminary stages, some have progressed to more advanced stages.

If the Group proceeds with any of these investments, the Group's strategy is to either acquire interest in companies that operate the relevant businesses, or acquire businesses from the relevant companies. The acquisition of these businesses will form the basis for building a major operating business in these areas for the Group. Also, if the Group proceeds with these projects, the Company's current approach is to acquire these investments in stages so as to facilitate an orderly integration of each of these businesses into the Group. Over time, the Group intends to build a portfolio of operating entities and a major business franchise in these business sectors.

However, the Board believes that, under current tough investment environment, the Company should be making prudent management and investment decisions in order to protect shareholder value. It is the intention of the Board to continue such cautious approach in applying the Group's managerial and financial resources in implementing any of the Group's proposed investment projects. To-date, the Group has not entered into any agreement in relation to any potential investment projects at this time.

Looking forward, the Board is still optimistic about the future of our business. The Board is of the view that by focusing on the above business sectors, the Group can best leverage its experience and network, and thus best realise its potential to improve Group's profits and enhance long-term shareholder value.

STAFF REMUNERATION POLICY AND SHARE OPTION SCHEME

The Group maintained a team of 37 staff as at 30 September 2005.

Employees are paid at salaries comparable to market rates. The Group provides free medical insurance coverage for permanent staff and continues to investigate the possibility of introducing other benefits which would help retain current experienced staff and attract new employees so that the Group can maintain a capable workforce to meet present and future requirements.

As stated in note 14 above, a share option scheme was adopted by the Company in last financial year. No new share option was granted under the Scheme.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2005, equity attributable to equity holders of the Company amounted to approximately HK\$183.0 million. Current assets amounted to approximately HK\$191.8 million, of which approximately HK\$138.5 million were cash and bank deposits, among which time deposits of approximately HK\$5.2 million were pledged to a bank and the detail of which was set out in note 12 above. The Group's current liabilities amounted to approximately HK\$9.6 million.

The Group principally finances its operations by the funding provided by previous share capital subscription & placement, proceeds from the disposals of some subsidiaries in prior year, and internally generated cashflows. There was no outstanding bank overdrafts or bank borrowings as at the Period end date.