MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results and Dividends

During the six months ended 30 September 2006, the Group recorded a turnover of HK$379 million, representing a significant increase of 107 times as compared to HK$3.5 million for the previous period and a net loss attributable to shareholders of HK$15.0 million (2005: HK$23.6 million). The basic loss per share for the period was HK6.4 cents (2005: 10.5 cents).

The directors do not recommend the payment of any interim dividend to the shareholders (2005: Nil).

Business Review and Analysis

During the past six months, the Group has continued to focus on developing medical assistance services and successfully expanded into the market for related consumer oriented businesses. Working closely with our partners, the Group has been building up and fine tuning the delivery platform for interrelated and complementary healthcare and wellness and consumer oriented businesses. Under this framework, a key strategy for the Group will be to develop information-focused businesses, which is highly scalable and non-capital intensive.

In August 2006, the Group completed the funding exercise with Och-Ziff Capital Management Group ("OZ Group") in relation to an investment in our group in the amount of US$15 million. The Group is pleased that OZ Group, as one of the leading and most successful institutional investors globally, showed their confidence in our Group's businesses and vision by making this investment. The OZ Group has provided us, and will continue to provide us, with access to their portfolio of investee companies and contacts that might have synergy with the Group. Going forward, we are pleased to partner with OZ Group – a very strong and constructively engaging institutional partner.

In August 2006, the Group completed the acquisition of 70% of Shanghai Harvest Network Technology Co. Limited ("Harvest"), a solidly proven and increasingly profitable B-to-C e-commerce distribution and settlement platform with annual revenue in excess of US$250 million during the most recent fiscal year. The acquisition of Harvest represents an excellent strategic move for the Group to grow not just based on generic growth but through value enhancing acquisitions as well. Besides its synergy as an e-commerce platform in distributing health and wellness information focused medical assistance services to consumers, Harvest in its own right enjoys a market share of about 23% in Shanghai's mobile phone prepayment market of about RMB9 billion plus, working in tandem with China

Mobile and China Unicom. Harvest is well poised to quickly capture up to 50% market share in this space in Shanghai through partnerships with retail networks and other leading POS operators in addition to almost 4,000 proprietary e-commerce terminals which are located in convenience and other retail outlets throughout Shanghai.

Recently the Group accomplished a major step in extending Harvest's e-commerce distribution/settlement platform beyond Shanghai to other parts of China, in particular, Beijing and Guangdong, in a non-capital intensive way. In late 2006, the Group successfully acquired a 60% controlling stake in Shanghai EPay, which is the only contractual party with China UnionPay ("UnionPay") to distribute mobile charge prepayments and other prepaid e-commerce products and services on the vast infrastructure of UnionPay's various POS terminals, primarily through PayEasy which is operated by Shanghai CardInfo Co. Ltd. ("CardInfo"), a subsidiary of UnionPay. UnionPay is the only credit card and interbank clearing network in China which links 14 major Chinese banks and many more smaller banks throughout of China. The linkage with UnionPay / CardInfo laid the foundation for the Group to expand substantially its e-commerce distribution/settlement platform by piggybacking on UnionPay for operating and delivering various prepaid e-commerce products and services. Those products and services are not only confined to mobile charge prepayments for China Mobile and China Unicom, Harvest's main business partners at present, but also higher margin and higher value-added pre-paid products and services with a more direct contribution to the Group's medical assistance business, such as pre-paid accident insurance and medical assistance membership programs. The Group is making systematic effort in integrating and bundling its ongoing and expanding B-to-C e-commerce delivery platform with its medical assistance business.

The Group's Emergency Assistance Medical Services ("EAMS") program, a B-to-B program primarily working with insurance companies to distribute a proprietary call center-based emergency medical assistance services on a pre-paid membership basis, has made some important strides. As of early December 2006, our subsidiary, Beijing Universal Medical Assistance Co., Ltd. ("BUMA"), has a continuously rising 248,340 ongoing registered members for its EAMS program as compared with 84,140 and 66,080 in early June 2006 and early December 2005, respectively. BUMA's call center in Beijing averages around 15 calls a day. BUMA has also been carefully monitoring the call center's activities since earlier this year and implemented a customer satisfaction program. The Group has brought in an expert in this area who was responsible previously for managing similar programs for AIG group covering Greater China.

Following newly enacted regulations in China from July 2006 that require all motor vehicles to possess compulsory liability insurance, BUMA has been marketing to and collaborating with Chinese property and casualty insurance companies to provide EAMS to their clients via such compulsory vehicle liability insurance. Besides the agreement with Sunshine Property & Casualty Insurance Company ("Sunshine"), where BUMA has accumulated over 150,000 EAMS members from Sunshine so far, BUMA has also entered into an analogous agreement with Bohai Property Insurance Company ("Bohai") and is working on securing similar contracts with other property and casualty insurance companies to substantially increase its EAMS membership number in this category in the near future.

In mid June 2006, State Tourism Administration and China Insurance Regulatory Commission issued a joint directive calling for "in emergency" and "in accident" assistance among others. The Group is encouraged by such positive change in macro environment and prospect of medical assistance services in China and positioning itself as the value added service provider of nationwide medical assistance, and in this regard BUMA has entered into agreements with PICC Health Insurance Company Limited ("PICC Health") to attach EAMS to PICC Health's various tourist accident insurances and is working with other Chinese life insurance companies to attach EAMS to their accident insurances for business and leisure travelers. The Group is actively engaged in discussions with leading healthcare service and insurance companies in the U.S. to act as their service provider in China, and also to develop jointly medical assistance products for the growing number of Chinese travelers going overseas. The Group has also continued to establish working relationships with channel partners in Taiwan and Korea to distribute EAMS to their customers.

The Group also has been developing medical assistance programs for general health and wellness through our health asset management services ("HAMS") backed by the Group's unique access to the network of 914 hospitals, serving a member pool of institutional and individual clients. In particular, the Group is working on launching a health and wellness information-focused medical assistance services on prepaid B-to-C basis to consumers in Shanghai through Harvest e-commerce distribution / settlement platform and the Group's clinic in Shanghai.

CHC Aesthetic Clinic in Beijing is continuing to grow its reputation as a leading cosmetic surgery facility and has conducted more than 250 procedures since its opening in May 2005.

Our biotech subsidiary, Shanghai Hao Yuan Biotechnology ("Hao Yuan"), expects to have its proprietary chip-based new diagnostic reagent for screening HBV; HCV and HIV approved by the State Food and Drug Administration ("SFDA") of China in early 2007. The Group has concluded that Hao Yuan has reached the point where its primary focus should be on sales and marketing in order for efficient and rapid value creation and realization. Therefore, in early August 2006 the Group appointed a new General Manager for Hao Yuan who brings more than a decade of experience in marketing reagents, and medical devices and equipment in China both from multinational and entrepreneurial pursues. In addition to promoting Hao Yuan's proprietary products, the Group has also started an initiative of expanding Hao Yuan's diagnostic platform by sourcing a number of product distribution opportunities.

With substantial effort and progress made in building up access and marketing infrastructures in medical assistance sector in China and successful acquisition of a consumer oriented B-to-C e-commerce franchise, the Group has established a balanced portfolio of interrelated and synergistic businesses in both profitable expansion and cash burning development stage. With ever growing consumer power, mobility and health awareness of Chinese population in line with Chinese economic growth, the unique infrastructures and resources that the Group is able to access, and the Group's scale and growth focused business model, the prospect for the Group to rise and achieve the dominant position as a value added healthcare and other consumer service provider is now within sight and reach. The Group is confident of very significant value and wealth creation in providing our niche products and services in the near future.

Liquidity and Financial Resources

As at 30 September 2006, the total assets of the Group is approximately HK$243.6 million and net current assets of approximately HK$115.8 million, representing a current ratio of 2.91 (31 March 2006: 3.39). At the balance sheet date, the total borrowings of the Group amounted to HK$149.4 million, represented by convertible bonds and redeemable convertible cumulative preference shares. In line with the business expansion goal of the Group, the Company issued HK$18.4 million convertible bonds and HK$117 million preference shares during the period, therefore, the gearing ratio of the Group as at 30 September 2006 has increased to 442.8% (31 March 2006: 132.1%), which was calculated on an amount of total equity of HK$33.7 million (31 March 2006: HK$37.1 million).

Contingent Liabilities

As at 30 September 2006, there was no contingent liability of the Group.

Charge on Group's assets

As at 30 September 2006, there was no charge on the Group's assets.

Human Resources

As at 30 September 2006, the Group employed 179 (31 March 2006: 149) employees.

The Group continues to review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the Mandatory Provident Fund Schemes and discretionary bonus payment which is linked to the profit performance of the Group and individual performance. A share option scheme has also been established for employees of the Group.