

PROSPECTS

Activity in the stock market soared dramatically from July 2005. We expect that the investment environment will remain positive for the remaining 2005, given the tame inflation outlook for the US economy, the resilient Chinese economy and the continued recovering of the Hong Kong economy. The speculation on the Renminbi revaluation may persist, leading to fund flow into the local market. The listing of the major state owned banks in the remainder of the year will further push up the trading records and our Brokerage Division will benefit from the improvement in market sentiments. Two of our Corporate Finance Division's clients planned to list in the Hong Kong stock market before the year end. It will bring a reasonable contribution to the Group.

Following the rapid development in the air freight forwarding business, ZCIC will focus on controlling its operating cost to improve the profitability. As part of the cost saving plan, ZCIC had constructed its own warehouse in the Pudong Airport.

The Group had sold 37 million shares in RBI at a consideration of HK\$57.7 million recently and the shareholding in RBI decreased from 19.95% to 11.08%. Although the increase in cost of raw materials will continue to affect the profit margin of RBI and Goodbaby, we believe that these two investments will provide reasonable returns to the Group.

Chinese Mainland's economy remains robust and the performance of the industrial business still grows steadily. We are confident that our various investments in different business sectors in Chinese Mainland will bring good contributions to the Group. The commencement of operation of Kunshan Traders Hotel in October will further improve the Group's results and cashflows in future. We are looking forward to share our achievement with the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

Profit after taxation for the six months ended 30th June 2005 was HK\$15 million, a decrease of 38% over the same period in 2004. Basic earnings per share decreased to HK1.27 cents, down 38%.

Turnover of the Group for the period under review increased by 21% to HK\$362 million as compared to HK\$300 million for the same period last year.