New Times Group Holdings Limited

新時代集團控股有限公司

(Incorporated in Bermuda with limited liability)

Interim Report 2005

The board of directors (the "Board") of New Times Group Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the six months ended 30 September 2005
(Expressed in Hong Kong dollars)

	Notes	**Six months ended 30 September 2005 $'000**	Six months ended 30 September 2004 $'000
Turnover	(3)		
Continuing operations		**2,527**	2,597
Discontinued/discontinuing operation	(7)	**–**	48
Gross profit		**2,527**	2,645
Other revenue and gain		**920**	636
Administrative expenses		**(3,398)**	(7,430)
Other operating expenses		**(1,413)**	(11,982)
Loss from operating activities		**(1,364)**	(16,131)
Finance costs	(5)	**(344)**	(238)
		(1,708)	(16,369)
Loss before taxation	(4)		
Continuing operations		**(1,708)**	(16,125)
Discontinued/discontinuing operation		**–**	(244)
		(1,708)	(16,369)
Taxation	(6)	**(215)**	(197)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**(1,923)**	(16,566)
Loss per share			
– Basic	(9)	**(0.4 cents)**	(3.8 cents)
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2005
(Expressed in Hong Kong dollars)

	Notes	30 September 2005 (Unaudited) $'000	31 March 2005 (Audited) $'000
NON-CURRENT ASSETS			
Fixed assets		**38,416**	38,910
Property investments		**75,472**	75,472
Goodwill	(10)	**16,723**	16,723
Loan receivable, unsecured	(12)	**–**	5,294
		130,611	136,399
CURRENT ASSETS			
Properties under development		**14,760**	4,963
Trade receivables	(11)	**1,844**	1,843
Loan receivables	(12)	**12,642**	7,348
Financial assets at fair value through profit or loss/ Short term investments		**1,768**	3,247
Prepayments, other deposits and receivables		**8,389**	1,415
Cash and bank balances		**2,549**	2,583
		41,952	21,399
CURRENT LIABILITIES			
Short-term bank borrowings, secured	(13)	**9,607**	–
Other payables, deposits and accrued liabilities		**9,542**	19,389
Customer receipts in advance		**16,939**	–
Finance lease payables		**96**	93
Tax payable		**1,202**	987
		37,386	20,469
NET CURRENT ASSETS		**4,566**	930
TOTAL ASSETS LESS CURRENT LIABILITIES		**135,177**	137,329

	Notes	30 September 2005 (Unaudited) $'000	31 March 2005 (Audited) $'000
NON CURRENT LIABILITY			
Finance lease payables		**154**	199
Deferred tax liability		**1,286**	1,286
		1,440	1,485
		133,737	135,844
CAPITAL AND RESERVES			
Share capital	*(14)*	**43,330**	43,330
Reserves		**90,407**	92,514
		133,737	135,844

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY – UNAUDITED

For the six months ended 30 September 2005
(Expressed in Hong Kong dollars)

	Issued share capital $'000	Share premium account $'000	Capital reserve $'000	Investment property revaluation reserve $'000	Exchange fluctuation reserve $'000	Retained profits/ (accumulated losses) $'000	Total $'000
Balance at 1 April 2004							
As period reported	43,330	94,471	9,585	2,999	–	3,729	154,114
Prior period adjustment arising from changes in accounting policies – HKAS 40 *(note 2 (d))*	–	–	–	(2,999)	–	2,999	–
As restated	43,330	94,471	9,585	–	–	6,728	154,114
Net loss for the period	–	–	–	–	–	(16,566)	(16,566)
At 30 September 2004	43,330	94,471	9,585	–	–	(9,838)	137,548
Net loss for the period	–	–	–	–	–	(1,704)	(1,704)
At 31 March 2005	43,330	94,471	9,585	–	–	(11,542)	135,844
Exchange differences arising from translation of financial statement of overseas operations	–	–	–	–	(184)	–	(184)
Net loss for the period	–	–	–	–	–	(1,923)	(1,923)
At 30 September 2005	43,330	94,471	9,585	–	(184)	(13,465)	133,737

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended 30 September 2005
(Expressed in Hong Kong dollars)

	Six months ended 30 September 2005 $'000	Six months ended 30 September 2004 $'000
Net cash (outflow)/inflow from operating activities		
Continuing operations	**(9,290)**	52,337
Discontinued/discontinuing operation	**–**	(104)
	(9,290)	52,233
Net cash outflow from investing activities		
Continuing operations	**–**	(54,741)
Net cash inflow/(outflow) from financing activities		
Continuing operations	**9,221**	(61)
Decrease in cash and cash equivalents	**(69)**	(2,569)
Effect of foreign exchange rate changes	**35**	–
Cash and cash equivalents at beginning of period	**2,583**	6,353
Cash and cash equivalents at end of period, represented by bank balances and cash	**2,549**	3,784
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**2,549**	3,784

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and are in compliance with the Hong Kong Accounting Standards ("HKAS") No. 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. ACCOUNTING POLICIES

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are the same as those used in the audited financial statements for the year ended 31 March 2005, except as described below.

The HKICPA has issued a number of new and revised HKFRSs, HKASs and Interpretations ("HKAS-INT"), which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the following HKFRSs, HKAS-INT and HKASs which are pertinent to its operations and relevant to these interim financial statements. The comparative information has been restated as required, in accordance with the relevant requirements.

HKAS 1	Presentation of financial statements
HKAS 7	Cash flow statements
HKAS 16	Property, plant and equipment
HKAS 17	Leases
HKAS 21	The effect of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 27	Consolidated and separate financial statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earning per share
HKAS 36	Impairment of assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 3	Business combination
HKAS-INT 15	Operating Leases-Incentives
HKAS-INT 21	Income taxes – Recovery of Revalued Non-Depreciable assets

These HKFRSs, HKASs and HKAS-INT prescribe new accounting and disclosure practices. The significant effects of the adoption of these HKFRSs, HKASs and HKAS-INT on the Group's accounting policies and on amounts disclosed in the condensed consolidated interim financial statements are summarized as follows:

(a) The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use right from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the profit and loss account. In prior periods, leasehold land and buildings held for own uses were stated at cost less accumulated depreciation and accumulated impairment losses. This change in accounting policy has no material impact on the condensed consolidated income statement. The comparatives on the condensed consolidated balance sheet for the prior year have been restated.

(b) The adoption of HKAS 32 and 39 has resulted in a change of accounting policy for recognition, measurement and disclosure of financial instruments. In prior periods, investments of the Group were classified as either other investments and were stated in the balance sheet at fair value, or classified as investment securities and were stated in the balance sheet at cost less impairment.

(c) In accordance with the provision of HKAS 39, financial assets are classified as "financial assets at fair value through profit and loss", "available-for-sale financial assets", "loans and receivables" or "held to maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit and loss" and "available-for-sale financial assets" are stated as fair value, with changes in fair value recognized in income statement and equity respectively. The adoption of HKAS 39 has no retrospective effect but has resulted the Group's investment securities were redesignated as available-for-sale financial assets.

(d) The adoption of HKAS 40 has resulted in a change in accounting policy for investment property. In prior periods, changes in the value of investment properties are dealt with as movements in the investment property revaluation reserve. After the adoption of HKAS 40, any change in value of investment properties are dealt with in the income statement and the amount held in investment property revaluation reserve has been transferred to the Group's accumulated profits.

(e) The adoption of HKFRS 3 has resulted in a change in accounting policy for goodwill. In prior periods, goodwill arising on business combinations was capitalized on the balance sheet, and amortized on a straight line basis over its useful economic life. After the adoption of HKFRS 3, positive goodwill will not be amortized. Positive goodwill is subject to impairment test annually for impairment. Accumulated amortized goodwill as at 31 March 2005 was eliminated with a corresponding decrease in the cost of goodwill.

3. PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating business are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

Continuing operations

(a) the property investment;

(b) the provision of financial services;

Discontinued operation

(c) the trading of precision components processing equipment.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

a. Business segment

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments.

	Continuing operations				Discontinued operation Trading of precision components processing equipment			
	Property investment		Financial services				Consolidated	
	Six months ended 30 September 2005 (Unaudited) $'000	Six months ended 30 September 2004 (Unaudited) $'000	Six months ended 30 September 2005 (Unaudited) $'000	Six months ended 30 September 2004 (Unaudited) $'000	Six months ended 30 September 2005 (Unaudited) $'000	Six months ended 30 September 2004 (Unaudited) $'000	Six months ended 30 September 2005 (Unaudited) $'000	Six months ended 30 September 2004 (Unaudited) $'000
Segment revenue:								
Sales and services to external customers	2,145	1,970	382	627	-	48	2,527	2,645
Segment results	1,823	1,706	382	627	-	(244)	2,205	2,089
Unallocated revenue							920	636
Unallocated expenses							(4,489)	(18,856)
Loss from operating activities							(1,364)	(16,131)
Finance costs							(344)	(238)
Loss before tax							(1,708)	(16,369)
Tax							(215)	(197)
Net loss from ordinary activities attributable to shareholders							(1,923)	(16,566)

	As at 30 September 2005 (Unaudited) $'000	As at 31 March 2005 (Audited) $'000	As at 30 September 2005 (Unaudited) $'000	As at 31 March 2005 (Audited) $'000	As at 30 September 2005 (Unaudited) $'000	As at 31 March 2005 (Audited) $'000	As at 30 September 2005 (Unaudited) $'000	As at 31 March 2005 (Audited) $'000
Segment assets	138,198	121,460	12,776	12,776	-	86	150,974	134,322
Unallocated assets							21,589	23,476
Total assets							172,563	157,798
Segment liabilities	31,410	13,284	144	145	-	23	31,554	13,452
Unallocated liabilities							7,272	8,502
Total liabilities							38,826	21,954
Capital expenditure	-	40,000	-	-	-	-	-	40,000
Unallocated capital expenditure							-	10
							-	40,010

b. Geographical segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's geographical segments.

	Hong Kong		Mainland China		Consolidated	
	Six months ended 30 September 2005 (Unaudited) $'000	Six months ended 30 September 2004 (Unaudited) $'000	**Six months ended 30 September 2005 (Unaudited) $'000**	Six months ended 30 September 2004 (Unaudited) $'000	**Six months ended 30 September 2005 (Unaudited) $'000**	Six months ended 30 September 2004 (Unaudited) $'000
Segment revenues:						
Sales and services to External customers	**382**	675	**2,145**	1,970	**2,527**	2,645
Other revenue	**919**	636	**1**	–	**920**	636
Total	**1,301**	1,311	**2,146**	1,970	**3,447**	3,281

	As at 30 September 2005 (Unaudited) $'000	As at 31 March 2005 (Audited) $'000	**As at 30 September 2005 (Unaudited) $'000**	As at 31 March 2005 (Audited) $'000	**As at 30 September 2005 (Unaudited) $'000**	As at 31 March 2005 (Audited) $'000
Other segment information:						
Segment assets	**34,365**	36,338	**138,198**	121,460	**172,563**	157,798
Capital expenditure	**-**	10	**-**	40,000	**-**	40,010

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging and crediting the following:

	Six months ended 30 September 2005 (Unaudited) *$'000*	Six months ended 30 September 2004 (Unaudited) *$'000*
After charging –		
Depreciation	**486**	271
Amortization of goodwill	**–**	923
Staff cost (including directors' emoluments)	**1,201**	2,659
Operating lease rentals for rented premises	**497**	869
After crediting –		
Interest income from		
– bank deposits	**2**	1
– other loans	**382**	627

5. FINANCE COSTS

	Six months ended 30 September 2005 (Unaudited) *$'000*	Six months ended 30 September 2004 (Unaudited) *$'000*
Group:		
Interest on		
Bank borrowings wholly repayable within 1 year	**157**	–
Finance lease	**8**	17
Others	**179**	221
	344	238

6. TAXATION

No Hong Kong profit tax had been provided during the period ended 30 September 2005 as the Company, its subsidiaries, associate and jointly-controlled entity had no assessable profit arising in Hong Kong during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, practices and interpretations in respect thereof. In accordance with the relevant tax rules and regulations, the Company's subsidiary registered in Mainland China benefits from income tax exemption and reduction.

	Six months ended 30 September 2005 (Unaudited) *$'000*	Six months ended 30 September 2004 (Unaudited) *$'000*
Group:		
Charge for the period		
Current-Elsewhere	**215**	197
Total tax charge for the period	**215**	197

7. DISCONTINUED OPERATIONS

Pursuant to a board resolution passed on 23 July 2004, the Group ceased the operations of trading of precision components processing equipment through abandonment.

	Trading of precision components processing equipment	
	Six months ended 30 September 2005 (Unaudited) *$'000*	Six months ended 30 September 2004 (Unaudited) *$'000*
TURNOVER	**–**	48
Cost of sales	**–**	–
Gross profit	**–**	48
Other revenue and gains	**–**	509
Administrative expenses	**–**	(801)
LOSS BEFORE TAX	**–**	(244)
Tax	**–**	–
NET LOSS FROM ORDINARY ACTIVITIES TO SHAREHOLDERS	**–**	(244)

	Trading of precision components processing equipment	
	As at 30 September 2005 (Unaudited) *$'000*	As at 31 March 2005 (Audited) *$'000*
Total assets	**–**	86
Total liabilities	**–**	(23)
	–	63

8. DIVIDENDS

No dividend was paid during the period. The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2005 (30 September 2004: nil).

9. LOSS PER SHARE

The calculation of basic loss per share was based on the unaudited consolidated loss attributable to shareholders of $1,923,000 (30 September 2004 – $16,566,000) and 433,302,000 (30 September 2004 – 433,302,000) shares in issue during the period.

Diluted loss per share for the current and prior period have not been calculated because no potential dilutive ordinary shares existed during such period.

10. GOODWILL

	$'000
COST	
At 1 April 2005	19,674
Elimination of accumulated amortisation upon the application of HKFRS 3 *(see note 2)*	(2,951)
	16,723
AMORTISATION	
At 1 April 2005	2,951
Elimination of accumulated amortisation upon the application of HKFRS 3 *(see note 2)*	(2,951)
	–
IMPAIRMENT	
At 1 April 2005	–
Impairment loss recognized for the period	–
	–
CARRYING AMOUNTS	
At 30 September 2005	16,723
At 1 April 2005	16,723

11. TRADE RECEIVABLES

Credit is offered to customers following a financial assessment of the customers or to those customers which have an established payment record. The Group usually allows an average credit period of 90 days to its customers and seeks to maintain strict control over its outstanding receivables. The following is an aging analysis of trade receivables, based on the invoice date.

	As at 30 September 2005 (Unaudited) *$'000*	As at 31 March 2005 (Audited) *$'000*
Less than 90 days	**1,139**	1,119
91-180 days	**288**	449
Over 181 days	**417**	275
	1,844	1,843

12. LOAN RECEIVABLES

The loan receivables of $12,642,000 (31 March 2005: $12,642,000) bear interest at the Hong Kong dollar prime rate per annum and repayable within one year from the dates on which the loans are granted.

13. BORROWINGS

Short-term bank borrowings of approximately $9,607,000 (31 March 2005: Nil) was secured by certain of the Group's leasehold land and land use rights in Mainland China with a net book value of approximately $38,220,000. The bank loans bear interest at 7.5% per annum.

14. SHARE CAPITAL

	Number of shares *'000*	**Nominal value** *$'000*
Authorised:		
At 30 September 2005 (Unaudited) and 31 March 2005 (Audited)	900,000	90,000
Issued and fully paid:		
At 30 September 2005 (Unaudited) and 31 March 2005 (Audited)	433,302	43,330

15. RELATED PARTY TRANSACTIONS

There is no transaction with related parties during the period.

16. CAPITAL COMMITMENTS

The Group had the following authorized and contracted capital commitments:

	As at 30 September 2005 (Unaudited) ***$'000***	As at 31 March 2005 (Audited) *$'000*
Contracted but not provided for		
– Construction cost of properties under development*	**55,908**	62,472

* *Pursuant to the contractual arrangement with the constructor of the land, the constructor will recover the construction cost out of the net proceeds from the sale or rental generated from the properties constructed on the land in 18-months period from completion of the construction of the properties on the land. In the event that the net proceeds from sale or rental generated over the aforesaid period is insufficient to repaid the constructor the full amount of the construction cost, the shortfall would be satisfied by the transfer of certain properties on the land with an equivalent market value (calculated on the basis of the then prevailing market price of those properties) to the constructor in full and final settlement of any liability of the Group towards the constructor in relation to the construction cost.*

MANAGEMENT DISCUSSION AND ANALYSIS

General Overview

During the six months ended 30 September 2005, the Group was engaged in the business of property investments and development and the provision of financial services.

The property investment business continued to be the principle business of the Group and contributed approximately 85% of the Group's total turnover for the period under review, an approximately 9% increase as compared to the corresponding period in 2004. The increase was mainly due to the occupancy rate picking up for our office premises in Beijing, PRC.

As mentioned in the Company's last annual reports, the Group commenced to focus on property investment and development business and further downsized the financial services business. Accordingly, interest income derived from financial services operations was reduced by approximately 40% to about HK$0.38 million as compared to approximately HK$0.63 million for the corresponding period in 2004.

The Group recorded a loss attributable to shareholders of approximately HK$1.9 million as compared to approximately HK$16.6 million for the corresponding period in 2004. The reduction in loss was mainly due to the loss on disposal of securities investments and the provision for unrealized holding loss on securities investments recorded in the last corresponding period which amounted to HK$11.8 million as compared to HK$1.4 million in the current period under review.

Loss per share for the period was HK0.4 cents (30 September 2004: HK3.8 cents) and the Board did not recommend any interim dividend for the six months ended 30 September 2005.

Review of Business Operations

Investments and Financial Services

As mentioned in the Company's last annual reports, the Group focuses on property investment and development business and further downsized the investment and financial services business. A loss on disposal of securities investments of approximately HK$66,000 (30 September 2004: loss of HK$5 million) was recorded for the period under review, and a provision for unrealized holding loss on securities investments of approximately HK$1.3 million (30 September 2004: loss of HK$6.8 million) was recorded. Interest income derived from financial services operations was reduced by approximately 40% to approximately HK$0.38 million as compared to approximately HK$0.63 million for the corresponding period in 2004.

Property Investments and Development

Gross rental income in certain commercial properties in Beijing, PRC for the year amounted to about HK$2.1 million (30 September 2004: HK$2 million), representing a growth of approximately 9% from last financial year. The increase was mainly due to the occupancy rate picking up for the current period. With the improvement in the macroeconomic outlook of Mainland, the official appreciation of the Renminbi, the urbanization program implemented by the Beijing municipal government and continually maturing market policies, the management sees the Beijing property market would grow steadily in the coming future. When opportunities arise and at reasonable terms, the management may dispose part of the properties so as to capitalize the appreciation of the value of the properties and release capital for further investments to strengthen the earning stream.

In the prior financial year, the Group acquired certain industrial land situated at Shenzhen, PRC. During the period under review, the construction was progressing according to schedule, pre-sale schedule had already started and received a satisfactory response. Sales deposit of approximately HK$16.9 million was recorded for the period under review.

The Group adopted the new accounting interpretation for the recognition of revenue from pre-sale of properties. Revenue from pre-sales will be recognized in the year when the project has been completed and the relevant occupation permit has been issued. As a result, turnover and profit arising from pre-sale have been excluded from the accounts for the period ended 30 September 2005.

Financial Position

The financial position of the Group remains healthy for the period under review.

As at 30 September 2005, the Group had a net current assets of about HK$4.6 million (31 March 2005: HK$0.93 million), which included a cash balance of about HK$2.5 million (31 March 2005: HK$2.6 million) and with a current ratio of 1.1 (total current assets to total current liabilities) (31 March 2005: 1).

As at the interim date, the Group has total short term bank borrowings amounted around HK$9.6 million and is due within one year. The borrowings are secured by certain of the Group's leasehold land and land use rights in Mainland China with a net book value of approximately HK$38.2 million. At as 30 September 2005, the gearing ratio is 7% (total bank borrowings to shareholders' equities) (31 March 2005: Nil) and interest expenses is about HK$157,000 (31 March 2005: Nil).

Contingent Liability

The Group did not have any material contingent liabilities as at 30 September 2005.

Capital Investments and Commitments

During the period under review, except for the construction expenditures in relation to the construction of properties on certain industrial land in Shenzhen, PRC, the Group did not incur any material capital investment or expenditure. As at the interim date, the Group had capital commitment in respect of the construction cost in relation to certain industrial land in Shenzhen, PRC amount to HK$55.9 million.

Pursuant to a contractual arrangement with the constructor of the land, the constructor will recover the construction cost out of the net proceeds from the sale or rental generated from the properties constructed on the land in the 18-month period from completion of the construction of the properties on the land. In the event that the net proceeds from the sale or rental generated over the aforesaid period is insufficient to repay the constructor the full amount of the construction cost, the shortfall would be satisfied by the transfer of certain properties on the land with an equivalent market value (calculated on the basis of the then prevailing market price of those properties) to the constructor in full and final settlement of any liability of the Group towards the constructor in relation to the construction cost.

Foreign exchange and interest rate exposure

The Group mainly earned revenue and incurred cost in Hong Kong Dollar and Renminbi. The directors consider the impact of foreign exchange of the Group is minimal. Although the management believes the impact will be minimal, the management will closely monitor the fluctuation in this currency and take appropriate actions when condition arises.

Employment, training and remuneration policy

As at 30 September 2005, the Group's operations engaged a total of about 20 staffs and workers. The remuneration policy of the Group's employees are reviewed and approved by the executive directors based on individual experience and qualifications as well as the job responsibilities and market conditions at the relevant time. Discretionary bonus is linked to the profit performance of the Group as well as individual performance. During the period, no share options were granted to any director or employee of the group. Benefits include staff accommodation, medical schemes and Mandatory Provident Fund Scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the People's Republic of China.

Prospects

With the improvement in the macroeconomic outlook of Mainland, the official appreciation of the Renminbi, the urbanization program implemented by the Beijing municipal government and continually maturing market policies as well as the coming 2008 Olympics and 2010 World Expo, the management sees the PRC property market would grow steadily in the coming future. The management will continue to search for any potential investment opportunities that can benefit the Group in the long term.

OTHER INFORMATION

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at 30 September 2005, the interests and short positions of the directors or their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained 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 Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies were as follows:

Long position in ordinary shares of the Company:

Name of director	Nature of interest	Number of ordinary shares held	Percentage of voting power
Ms. Huang Ning	Corporate	141,712,500	32.71

Note: The interests in these Shares are held by Victory Rider Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Huang Ning. Accordingly, Ms. Huang Ning is deemed to be interested in all the Shares in which Victory Rider Limited is interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2005, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies.

Directors' rights to acquire shares or debentures

At no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share option schemes

The Company had adopted a share option scheme (the "Scheme") approved at an extraordinary general meeting of the Company held on 30 August 2002 under which the Company may grant options to those eligible persons (including directors of the Company) to subscribe for shares of the Company.

No share option was granted or exercised during the six months ended 30 September 2005. As at 30 September 2005, there was no share option outstanding under the Scheme.

Directors' interests in contracts

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period under review.

Disclosable interests and short positions of shareholders under the SFO

As at 30 September 2005, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any directors or chief executive of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in ordinary shares of the Company

Name of shareholder	*Notes*	Nature of interest	Number of shares held	Percentage of voting power
Victory Rider Limited	*(i)*	Corporate	141,712,500	32.71
Huang Ning	*(i)*	Corporate	141,712,500	32.71
Kistefos Investment A.S.	*(ii)*	Corporate	62,400,000	14.40

Notes:

(i) As at 30 September 2005, Ms. Huang Ning was the beneficial owner of Victory Rider Limited. Details of the interest of Ms. Huang Ning in the shares of the Company are set out in the section "Directors' interests in shares" of this report.

(ii) So far is known to the Directors, Kistefos Investment A.S. is wholly-owned by A.S. Kistefos Traesliberi, in which Mr. Christen Sveaas has an 85% beneficial interest.

Save as disclosed above, the directors are not aware of any person had or were deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Appointment and resignation of Directors

During the period under review, Mr. Tse On Po Vincent and Ms. Ho Pui Man were appointed as independent non-executive directors and members of the audit committee of the Company with effect from 5 December 2005. On the same day, Ms. Kwai Laam and Mr. Qi Jin Feng resigned as independent non-executive directors and members of the audit committee of the Company.

Purchase, redemption or sale of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

Code of Corporate Governance Practices

In the opinion of the directors, the Company had complied with the Code Provisions on Corporate Governance (the "Code Provision(s)") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the period ended 30 September 2005, except for the following deviations:

Code Provision A.2.1

This code stipulates that the role of Chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have any office with the title "chief executive officer".

Code provisions A.4.1

This code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive and independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation and re-election at the annual general meeting of the Company.

Code Provision A.4.2

This code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the present Bye-laws of the Company, directors who are appointed to fill a casual vacancy only required to be re-elected at the next annual general meeting. Moreover, the chairman of the Board and/or the managing director of the Company are not subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. These constitute deviation from the code provision A.4.2 of the Code.

Remuneration committee and Nomination committee

The Company has established the Remuneration Committee and Nomination Committee with written terms of reference pursuant to the provisions set out in the Code Provision(s). All the Committees comprise the independent non-executive directors only.

Securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

Audit committee

The Company's audit committee comprises three independent non-executive directors of the Company, namely Mr. Law Fei Shing, Mr. Tse On Po Vincent and Ms. Ho Pui Man. The audit committee has been delegated the authority from the board to review the financial reporting and internal control procedures of the Company, including a review of the accounts for the six months ended 30 September 2005 with the Board.

ON BEHALF OF THE BOARD
Lam Kwan Sing
Executive Director

Hong Kong, 30 December 2005