



Century Legend (Holdings) Limited
世紀建業(集團)有限公司

Interim Report 2006

Stock Code : 79



The New Landmark in

Macau

SECTION A: CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsang Chiu Mo Samuel

(Executive Chairman)

Ms. Chu Ming Tak Evans Tania

Mr. Tsang Chiu Ching

Mr. Wu Binquan

Independent Non-executive Directors

Mr. Yu Yun Kong

Mr. Hui Yan Kit

Mr. Wong Tak Ming Gary

AUDIT COMMITTEE

Mr. Yu Yun Kong *(Chairman)*

Mr. Hui Yan Kit

Mr. Wong Tak Ming Gary

REMUNERATION COMMITTEE

Mr. Hui Yan Kit *(Chairman)*

Mr. Yu Yun Kong

Mr. Wong Tak Ming Gary

NOMINATION COMMITTEE

Mr. Wong Tak Ming Gary *(Chairman)*

Mr. Yu Yun Kong

Mr. Hui Yan Kit

COMPANY SECRETARY

Ms. Sze Tak On

LEGAL ADVISERS

Chiu, Szeto & Cheng Solicitors

Tso Au Yim & Yeung Solicitors

AUDITORS

Grant Thornton

Certified Public Accountants

BANKERS

The Bank of East Asia, Limited

Liu Chong Hing Bank Limited

The Hong Kong and Shanghai
Banking Corporation Limited

SHARE REGISTRARS

Principal Share Registrars

Butterfield Corporate Services Limited

Rosebank Centre,

14 Bermudiana Road, Pembroke,
Bermuda

Hong Kong Branch Share Registrars and Transfer Office

Computershare Hong Kong Investor
Services Limited

46th Floor, Hopewell Centre,

183 Queen's Road East,
Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton, HM 11,

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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West Tower, Shun Tak Centre,

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Hong Kong

STOCK CODE

0079



SECTION B: INTERIM RESULTS

The board of directors (the “Board”) of Century Legend (Holdings) Limited (the “Company”) is hereby to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2006. The unaudited consolidated results have been reviewed by the Audit Committee of the Company.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

	Notes	Six months ended 30 June	
		2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Revenue and turnover	3	250,650	26,531
Cost of sales		(242,096)	(19,948)
Gross profit		8,554	6,583
Other income		4,021	4,099
Administrative expenses		(14,341)	(14,958)
Other expenses		–	(47)
Operating loss	4	(1,766)	(4,323)
Finance costs	5	–	(48)
Share of profit of an associate		10,263	1,037
Profit/(Loss) before income tax		8,497	(3,334)
Income tax expense	6	–	–
Profit/(Loss) for the period		8,497	(3,334)
Attributable to:			
Equity holders of the Company		8,497	(3,334)
Minority interests		–	–
		8,497	(3,334)
Earnings/(Loss) per share			
attributable to the equity holders			
of the Company	8		
– Basic		HK0.32 cents	HK(0.15) cents
– Diluted		N/A	N/A

The notes on pages 6 to 13 form part of this interim financial report.

II. CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2006

		As at 30 June 2006 (Unaudited) HK\$'000	As at 31 December 2005 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,513	3,412
Interest in associates		65,773	55,510
Available-for-sale financial assets	10	43,518	43,511
Loans receivable	11	429	503
		<u>112,233</u>	<u>102,936</u>
CURRENT ASSETS			
Inventories		6,055	3,164
Financial assets at fair value through profit or loss/ Trading securities		139	82
Trade and other receivables	12	11,869	10,048
Loans receivable, current portion	11	10,355	10,509
Cash and cash equivalents	13	21,026	27,927
		<u>49,444</u>	<u>51,730</u>
CURRENT LIABILITIES			
Trade payables	14	1,885	1,176
Other payables and accruals		3,614	5,359
Amounts due to investee companies		26	29
Deferred income		3,133	3,587
		<u>8,658</u>	<u>10,151</u>
NET CURRENT ASSETS			
		<u>40,786</u>	<u>41,579</u>
		<u>153,019</u>	<u>144,515</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	15	26,460	26,460
Reserves		126,559	118,055
Total equity		<u>153,019</u>	<u>144,515</u>

The notes on pages 6 to 13 form part of this interim financial report.

III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006 (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2006	26,460	123,656	146,189	(12)	(151,778)	144,515
Profit for the period	-	-	-	-	8,497	8,497
Increase in fair value of available-for-sale financial assets for the period	-	-	-	7	-	7
At 30 June 2006	<u>26,460</u>	<u>123,656</u>	<u>146,189</u>	<u>(5)</u>	<u>(143,281)</u>	<u>153,019</u>

For the six months ended 30 June 2005 (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2005	20,650	40,098	146,189	-	(138,636)	68,301
First adoption of HKAS 39	-	-	-	-	37	37
	<u>20,650</u>	<u>40,098</u>	<u>146,189</u>	<u>-</u>	<u>(138,599)</u>	<u>68,338</u>
Issue of new shares by conversion of convertible notes	1,400	40,600	-	-	-	42,000
Loss for the period	-	-	-	-	(3,334)	(3,334)
Decrease in fair value of available-for-sale financial assets for the period	-	-	-	(8)	-	(8)
At 30 June 2005	<u>22,050</u>	<u>80,698</u>	<u>146,189</u>	<u>(8)</u>	<u>(141,933)</u>	<u>106,996</u>

The notes on pages 6 to 13 form part of this interim financial report.

IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Net cash outflow from operating activities	(6,834)	(10,396)
Net cash outflow from investing activities	(67)	(364)
Net cash inflow from financing activities	—	—
Decrease in cash and cash equivalents	(6,901)	(10,760)
Cash and cash equivalents at 1 January	27,927	46,782
Cash and cash equivalents at 30 June	21,026	36,022
Analysis of balance of cash and cash equivalents:		
Bank balances and cash	21,026	36,022

The notes on pages 6 to 13 form part of this interim financial report.



V. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial report of the Group has 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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKSA 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2005 annual financial statement. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Report Standards (HKFRSs, which term collectively includes HKASs and Interpretations).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2005 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2005 are available from the Company's registered office.

2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair value.

The HKICPA has issued a number of new and revised HKFRSs, which term collectively included HKASs and Interpretations, that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Group has determined the accounting policies expected to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2006 on the basis of HKFRSs currently in issue, which the Group believes, do not have a significant impact on the Group's prior year financial position and results of operations.

The new and revised HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2006 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report. The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period (see Note 19).

3. Segment Information

The Group is principally engaged in travel and gaming related business, provision of health and beauty services, money lending business, provision of stock broking services and trading business. An analysis of the Group's revenues and results for the period by principal activities is as follows:

	Six months ended 30 June 2006 (Unaudited)					
	Travel and gaming related business HK\$'000	Health and beauty services HK\$'000	Money lending HK\$'000	Stock broking HK\$'000	Trading HK\$'000	Group HK\$'000
Revenue and turnover	<u>238,300</u>	<u>11,024</u>	<u>563</u>	<u>674</u>	<u>89</u>	<u>250,650</u>
Segment results (profit/(loss))	<u>3,284</u>	<u>(1,533)</u>	<u>341</u>	<u>196</u>	<u>(2)</u>	<u>2,286</u>
Unallocated revenues/ income						468
Unallocated costs						(4,520)
Share of profit of an associate						<u>10,263</u>
Profit attributable to shareholders						<u>8,497</u>



	Six months ended 30 June 2005 (Unaudited)					
	Travel and gaming related business	Health and beauty services	Money lending	Stock broking	Trading	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue and turnover	11,729	12,483	1,133	668	518	26,531
Segment results (profit/(loss))	855	(2,023)	1,454	39	78	403
Unallocated revenues/ income						420
Unallocated costs						(5,194)
Share of profit of an associate						1,037
Loss attributable to shareholders						(3,334)

No geographical analysis is presented as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group were attributable to markets outside Hong Kong.

4. Operating Loss

Operating loss is stated after crediting/charging the following:

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
After crediting		
Unrealised gain on revaluation of financial assets at fair value through profit or loss, net	57	-
After charging		
Depreciation	966	1,045
Operating leases – land and buildings	3,382	3,360
Unrealised loss on revaluation of financial assets at fair value through profit or loss, net	-	32

5. Finance costs

	Six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on convertible notes	<u> -</u>	<u> 48</u>

6. Income Tax Expense

No provision for Hong Kong profits tax has been made in the interim financial report as the Group did not derive any assessable profit for the six months ended 30 June 2006 and 2005.

The Group has available tax losses as at 31 December 2005 for offset against future profits. No deferred tax assets have been provided in the accounts as the directors consider that it is uncertain that they will crystallize in the foreseeable future.

7. Dividends

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

8. Earnings/(Loss) Per Share Attributable to the Equity Holders of the Company

The calculation of basic earnings/(loss) per share attributable to the equity holders of the Company for the period is based on the profit attributable to equity holders of HK\$8,497,000 (six months ended 30 June 2005: loss of HK\$3,334,000) and the weighted average of 2,645,951,992 (six months ended 30 June 2005: 2,194,131,265) shares in issue during the six-month period.

Diluted earnings/(loss) per share amounts for the six months ended 30 June 2006 and 2005 have not been presented as no diluting events existed during these periods.

9. Property, Plant and Equipment

(a) Acquisitions of plant and equipment

During the six months ended 30 June 2006, the Group acquired items of plant and machinery with a cost of HK\$67,000 (six months ended 30 June 2005: HK\$379,000).

(b) Write-off of plant and equipment

There is no property, plant and equipment being written off during the six months ended 30 June 2006 (six months ended 30 June 2005: HK\$15,000).



10. Available-For-Sale Financial Assets

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Available-for sale financial assets:		
Listed equity securities in Hong Kong, at fair value	34	27
Interest in unincorporated syndicates, at cost	35,075	35,045
Unlisted equity securities, at cost	8,409	8,439
	<u>43,518</u>	<u>43,511</u>
Less: Impairment losses	–	–
	<u>43,518</u>	<u>43,511</u>

11. Loans Receivable

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Loans receivable – secured	13	937
Loans receivable – unsecured	12,471	11,775
Gross loans receivable (<i>Note</i>)	12,484	12,712
Less: Impairment losses	(1,700)	(1,700)
Net carrying amount	10,784	11,012
Less: amounts due within one year	(10,355)	(10,509)
Amounts due after one year	<u>429</u>	<u>503</u>

Note:

The repayment terms of loans receivable are negotiated on an individual basis. The maturity profile of loans receivables, which is analysed by the remaining periods to their contractual maturity dates, is as follows:

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
On demand	1,798	1,725
Three months or less	116	152
Below one year but over three months	10,141	10,332
One to four years	429	503
	<u>12,484</u>	<u>12,712</u>

12. Trade and Other Receivables

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Trade receivables (<i>Note</i>)	5,102	5,729
Other receivables and deposit	6,767	4,319
	11,869	10,048

Note:

The majority of the Group's turnover is on cash basis. The remaining balances of turnover are on credit terms of thirty-sixty days. At 30 June 2006, the ageing analysis of the trade receivables was as follows:

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
0-30 days	3,757	5,085
31-60 days	41	58
61-90 days	61	39
Over 90 days	1,243	547
	5,102	5,729

13. Cash and Cash Equivalents

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Cash at bank and in hand	15,468	15,130
Short-term bank deposits	5,558	12,797
	21,026	27,927

14. Trade Payables

As at 30 June 2006, the ageing analysis of the trade payables was as follows:

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
0-30 days	1,865	1,032
31-60 days	4	123
61-90 days	8	15
Over 90 days	8	6
	1,885	1,176

15. Share Capital

	No. of shares (million)	Nominal Value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2006 and 30 June 2006	40,000	400,000
Issued and fully paid:		
At 1 January 2006 and 30 June 2006	2,646	26,460

16. Operating Lease Commitments

At 30 June 2006, the total future minimum lease payments under non-cancellable operating leases were payable by the Group as follows:

	Land and buildings		Motor vehicles	
	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Within one year	5,428	6,047	214	111
In the second to fifth years inclusive	3,880	1,670	-	-
	9,308	7,717	214	111

The Group leases certain of its office premises and motor vehicles under operating leases. The leases run for an initial period of one to three years, with options to renew the lease terms at the expiry dates or at dates as mutually agreed between the Group and the respective landlords/lessors. None of the leases include contingent rentals.

At 30 June 2006, the total future minimum sublease payments expected to be received under non-cancellable sublease amounted to HK\$1,698,000 (31 December 2005: HK\$583,000).

The Company did not have any significant operating lease commitment as at 30 June 2006.

17. Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in the interim financial report, the Group had the following significant transactions with related parties:

(a) Purchase of goods

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Purchase of entertainment packages from Longnex Limited ("Longnex"), an associate of the Group	234,484	6,900

Purchase from Longnex were made in the normal course of business and according to the prices and terms similar to those charged to and contracted with other parties.

(b) *Compensation of key management personnel*

Included in staff costs are key management personnel compensation and comprises the following categories:

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Short term employee benefits	1,447	2,745
Post-employment benefits	59	113
	1,506	2,858

18. **Subsequent Event**

On 1 August 2006, the Group completed the disposal of 100% interest in Spa D'or Limited ("Spa D'or"), a wholly-owned subsidiary of the Group, and the loan owed by Spa D'or for a total cash consideration of HK\$249,346. The group recorded a gain on disposal of approximately HK\$2 million after deducting all related cost on disposal.

19. **Potential Impact of New Standards Not Yet Effective**

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 ³
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

SECTION C: BUSINESS REVIEW AND PROSPECTS

I. Overall Performance

For the six months ended 30 June 2006, the Group recorded turnover of approximately HK\$251 million, a nine-fold increase compared to the corresponding period in 2005. The gross profit of the Group increased by approximately 30% to approximately HK\$8.6 million, while loss from operation was further narrowed down by approximately 60% to approximately HK\$1.8 million, a sign of the Group's continuous improvement in operation efficiency. There is a net profit attributable to shareholders of approximately HK\$8.5 million for the period under review compared to a loss attributable to shareholders of approximately HK\$3.3 million in the corresponding period last year.

The turnaround result of the Group for having a net profit attributable to shareholders was owing to the profit share from one of the Group's major associated companies, Longnex Limited ("Longnex"), which is the beneficial owner of Holiday Inn Macau (the "Hotel"), a four star deluxe hotel with wide variety of entertainment amenities welcomed by business travellers. The Casino located inside the Hotel, Macau Diamond Casino ("MDC"), was grandly opened in January 2006. It presents a lively entertainment sensation offering professional services as well as up-to-date gaming facilities. The Group owns a 25% equity interest in Longnex and the investment in Longnex has successfully broadened the Group's revenue base and brings synergetic effect to the Group's travel and gaming related business.

In fact the Group has experienced profit for different periods in the past but for most of the time, the profit reported was due to either extraordinary items or non-recurring events. However the profit generated from this interim result was different from before. The profit attributable to shareholders was principally contributed by Longnex, which conducts the Group's core business in travel and gaming related business. The result can be interpreted as the Group's core business is now starting to make profit, which unfortunately has not been happening for the past few years. This also proves that the management's strategy of switching the Group's core business to travel and gaming related business is in the right direction and hence has given the management further confidence in implementing the strategy in the future.



II. Travel and Gaming Related Business

In the review period, the Group's core business segment, travel and gaming related business, recorded a turnover of HK\$238 million, approximately 20 times increase compared to that of the corresponding period in 2005.

This encouraging result is attributable to the Group's investment in the Hotel together with the newly renovated MDC. Since its opening in January 2006, MDC has proved to be immensely popular. Its prime location, stylish decoration and state-of-the-art technology gaming facilities are all favourable factors that work to shape MDC into a new landmark in Macau.

The gaming market in Macau has been continuously booming amid the sturdy growth in tourist arrivals from countries around the world especially Mainland China due to the much broader implementation of Individual Visit Scheme. The strong growth in China's economy is going to bring more affluent visitors to Macau. Macau has the potential to become a strong leisure destination and attracts travellers who currently visit other cities in Asia.

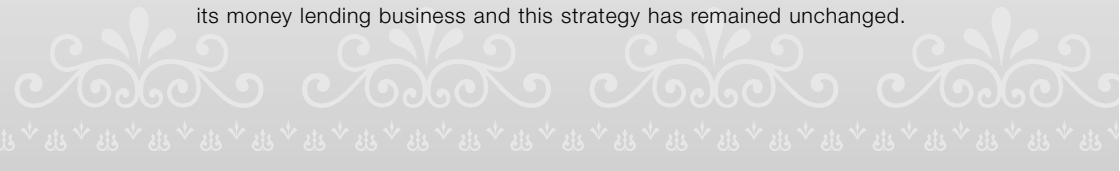
Dividend income from two gaming intermediaries was approximately HK\$2 million, representing 25% increase as compared to the corresponding period in 2005. After being granted two gaming intermediaries licences in July 2005, the two gaming intermediaries have entered into agreement with the casino operator in March 2006. The foremost importance of this agreement is that all former verbal agreements with the casino operator regarding the gaming intermediary activities could now be formalized and each party knows clearly about their own rights and obligations. This represents a significant step in regulating business operation of gaming intermediaries in Macau.

III. Health and Beauty Business

In the reviewing period, the turnover for Health and Beauty Services division was approximately HK\$11 million, representing a decrease of 12% from the corresponding period in 2005, while segment loss decreased approximately 24% to HK\$1.5 million. In order to accommodate the Group's strategy of focusing its resources on travel and gaming related business, personal beauty and health centre Spa D'or was disposed on 1 August 2006.

IV. Other Business Segments

For the money lending segment, the Group recorded a turnover of approximately HK\$0.6 million and a net profit of approximately HK\$0.3 million, representing a decrease of 50% and 77% respectively over the corresponding period in 2005. Since 2004, the Group has been implementing the strategy of streaming down its money lending business and this strategy has remained unchanged.



The turnover of stock broking business was approximately HK\$0.7 million for the period under review and was relatively the same as the corresponding period in 2005. The segment profit increased for 5 times over the corresponding period in 2005 to HK\$196,000 which was mainly attributable to increase in other interest income and continuous tight cost control measures.

V. Prospects

Asia remains the fastest-growing gaming market in the world and the opening of the Macau gaming market is proven to be the principal catalyst of this boom. In view of the global gaming business market, Macau has swiftly grown to be the second largest one just next to the world's largest gaming town – Las Vegas, Nevada in the US. However with the further opening of new attractions in the foreseeable future, Macau is transforming itself into a real tourist's destination with a variety of entertainment. It aims to attract tourists beyond the traditional tourists or gamblers and this will further broaden its visitor base. It is generally expected that gaming revenue generated in Macau will soon exceed that in Las Vegas.

China's economy is growing at an astounding rate and people have started to accumulate wealth. People's living standard has been improved and they are looking for various ways to enjoy their lives. Travelling is always one of their popular leisure activities. Also due to its convenient location in the Pearl River Delta region and with all the new attraction coming into operation in the foreseeable future, Macau should become one of the first-choice destinations for Chinese tourists. In addition, as the economy takes off, the spending power of Chinese tourists keeps improving. This has created a strong consumption drive as well as consumption growth momentum. As tourists from China are currently the largest source of visitors for Macau, the management believes that the travel and gaming sector as well as other peripheral businesses in Macau will benefit immensely from this strong consumption growth momentum.

Looking ahead, the management looks forward to lucrative returns from the Group's vigorous investment in Macau. The Group endeavours to improve its operating efficiency and will further concentrate its resources in the travel and gaming related business. The investment in Holiday Inn Macau as well as the MDC has become a new revenue driver for the Group. The Group may consider increasing its investment in the Hotel and MDC depending on the market condition. Moreover the Group will conduct regular business review as well as evaluation to explore other potential opportunities in Macau in order to keep up the competitiveness of the Group.



SECTION D: FINANCIAL REVIEW

I. Liquidity and Financial Resources

As at 30 June 2006, the Group had a cash and bank balance of HK\$21 million and net current assets of HK\$41 million. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2006 was approximately 5.8 (31 December 2005: 5.1). The Group maintained a strong working capital position during the reviewing period.

The gearing ratio (calculated as the total long term loan to the total shareholders' equity of the Group as at 30 June 2006 was zero (31 December 2005: zero).

The sales and purchase of the Group are mainly denominated in Hong Kong dollars or U.S. dollars with exchange rate relatively stable during the period under review. The Directors consider that the Group's exposure to fluctuations in exchange rates was minimal.

During the period under review, the Group had no assets pledged. Neither the Company nor the Group had any significant contingent liabilities as at 30 June 2006 (31 December 2005: Nil). The Group had no significant capital commitments as at 30 June 2006 (31 December 2005: Nil).

II. Capital Structure of the Group

During the period under review, there was no change in capital structure of the Group.

III. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006.

SECTION E: EMPLOYEE AND REMUNERATION POLICY

For the period ended, a total of 96 staff was employed with staff costs excluding directors' emoluments amounted to HK\$5.7 million.

The employee remuneration packages including provident fund and medical benefits currently offered are competitive to the market. Employee remuneration is reviewed and determined by management annually based on both employees' individual and Group's overall performance.



SECTION F: CORPORATE GOVERNANCE

I. 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 June 2006, the interests and short positions of each of the Directors and Chief Executives 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 (the "SFO")) which (i) were required to be 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 (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

Long position in shares

Name of Director	Personal Interest	Corporate Interest	Family Interest	Other Interest	Total	Approximate
						% of total shareholding
Mr. Tsang Chiu Ching	6,660,000	1,146,822,203	-	-	1,153,482,203	43.6%
Mr. Tsang Chiu Mo Samuel	-	1,146,822,203	-	-	1,146,822,203	43.3%

Note: These shares are beneficially owned by Barsmark Investments Limited, the issued share capital of which is indirectly beneficially owned as to one-third by each of Mr. Tsang Chiu Mo Samuel, Mr. Tsang Chiu Ching and Ms. Tsang Chiu Yuen Sylvia. Ms. Tsang Chiu Yuen Sylvia is the sister of Mr. Tsang Chiu Mo Samuel and Mr. Tsang Chiu Ching.

Save as disclosed above, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

II. Substantial Shareholders' Interests and Short Positions in the Shares, underlying Shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2006, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Long position in shares

Name of shareholder	Nature	Number of shares held	Approximate Percentage of total shareholding
Barsmark Investments Limited	Beneficial	1,146,822,203	43.3%
China Sky Investments Limited (Note)	Corporate	1,146,822,203	43.3%
Conba Investments Ltd. (Note)	Corporate	1,146,822,203	43.3%
Ssky Investments Limited (Note)	Corporate	1,146,822,203	43.3%
Fortune Ocean Limited (Note)	Corporate	1,146,822,203	43.3%
Ms. Tsang Chiu Yuen Sylvia (Note)	Corporate	1,146,822,203	43.3%
Szeto Investments Holdings (Amusement) Limited (Note)	Beneficial	262,500,000	9.9%

Note: Barsmark Investments Limited is wholly and beneficially owned by China Sky Investments Limited, the issued share capital of which is beneficially owned as to one-third by each of (i) Conba Investments Ltd. (a company wholly and beneficially owned by Mr. Tsang Chiu Mo Samuel); (ii) Ssky Investments Limited (formerly known as Sky Shore Limited, a company wholly and beneficially owned by Ms. Tsang Chiu Yuen Sylvia); and (iii) Fortune Ocean Limited (a company wholly and beneficially owned by Mr. Tsang Chiu Ching). Szeto Investments Holdings (Amusement) Limited is wholly and beneficially owned by Ms. Szeto Yuk Lin who is the mother of Mr. Tsang Chiu Mo Samuel, Mr. Tsang Chiu Ching and Ms. Tsang Chiu Yuen Sylvia.

Save as disclosed above, no other person other than the Directors or Chief Executives of the Company had interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

III. Purchase, Sales or Redemption of Listed Securities

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

IV. Compliance with the Code of Best Practice of the Listing rules

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2006, in compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, save for the deviations set out below.

Code A.2.1

As at 30 June 2006, Mr. Tsang Chiu Mo Samuel is the Executive Chairman of the Company and no Chief Executive Officer has been appointed. The responsibilities of Chief Executive Officer have been carried out by Mr. Tsang Chiu Mo Samuel. The Board believes that it is in the best interest of the Company and the shareholders as a whole for Mr. Tsang Chiu Mo Samuel, who is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board in an effective manner, to continue to carry out the responsibilities of Chief Executive Officer, which ensures on the effectiveness and efficiency of the decision making process of the Board.

Code B.1.4 and Code C.3.4

As present, the Company does not maintain a website. Currently it is under development, whereat the written terms of reference of the Audit Committee and Remuneration Committee will be made available. These terms of reference are also available from the Company Secretary on request.

V. Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the six months ended 30 June 2006 with the directors.

VI. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2006.

By Order of the Board
CHU MING TAK EVANS TANIA
Executive Director

Hong Kong, 12 September 2006