

## OPERATION REVIEW

For the six months ended 30th June 2006, the Group achieved a profit attributable to shareholders of approximately HK\$90 million, representing a sharp increase of 502% from the corresponding period last year. The substantial increase in profit is mainly contributed by the gain on disposal of our investment in Geoby International Holdings Limited ("Geoby") which was completed in January 2006.

The Group's turnover grew from approximately HK\$362 million to approximately HK\$872 million in the period, representing an increase of 141%. The air freight forwarding business of Shanghai Zhong Chuang International Container Storage & Transportation Co. Ltd. ("ZCIC") is expanding and pushed up the turnover of the Group. Despite the significant increase in turnover, ZCIC recorded a loss in the six months ended 30th June 2006. The performance of ZCIC was seriously affected by keen competition in the market. In view of the encouraging market sentiment in the Hong Kong stock market during the period under review, the Group increased the securities trading activities and thus increased the turnover of the Group.

In the first half of 2006, the Hong Kong Stock Exchange recorded an average daily turnover of approximately HK\$32 billion, a growth of approximately 93% from approximately HK\$17 billion for the last corresponding period. Benefited from the significant improvement in market activity, our Brokerage Division recorded a satisfactory increase in both revenue and profit attributable to the Group. The business of our Corporate Finance Division was affected by the tightened listing requirements imposed by the PRC authorities and suffered a loss in the period.

The Kunshan Traders Hotel ("Kunshan Hotel") commenced operation in October 2005 and the grand opening was launched in March 2006. In the first half of 2006, the room occupancy rate is approximately 55% which is above our expectation. As the hotel business is still in an initial stage of development, its revenue is not sufficient to cover the fixed costs and thus Kunshan Hotel recorded a net loss in the period.

Shanghai Zhangjiang Information Properties Company Limited ("SZIPCL"), a 50% owned jointly controlled entity, has sold out all the remaining developed units and contributed satisfactory returns to the Group during the period under review.

China Assets (Holdings) Limited ("China Assets") suffered a loss of approximately US\$4.5 million resulted from an unrealised loss recognised from the drop in market price of its major listed investment, Kongzhong Corporation.

## PROSPECTS

Disposal of the properties in Shanghai Zhangjiang Hi-Tech Park was completed in August 2006 and the profit on disposal will be recorded in the second half of 2006. As mentioned in the 2005 Annual Report, SZIPCL has entered into a conditional sale and purchase agreement to sell certain commercial properties and the transaction is expected to be completed by the first quarter of 2007. Following the success in the above property development projects, the Group is now developing an office building and a residential building in HuaQiao, Kunshan. The properties will be completed by the end of 2007. In June 2006, the Group has entered into an agreement to acquire the land use rights of a site and the buildings under construction thereon known as Sheng Xian Garden in Zhong Shan. We will complete the construction of the properties for residential use and as health care and anti-aging center and expect to complete the project by June 2009.