

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.

It seems that the implementation of reduced minimum securities trading spreads in July 2006 has adverse effects to the investors' trading activities. Compared to the first half of 2006, the average daily turnover of the Hong Kong Stock Exchange decreased in recent two months. Furthermore, competition in the industry especially the aggressive participation from banks is a great challenge to our Brokerage Division. Despite the foreseeable difficulties, we are confident that our experienced professional brokerage team can perform in line with the market performance. Contribution from Corporate Finance Division will improve in the second half of the year as applications for listing of several clients are come to the final stage. We expect one to two of them will be listed in the Hong Kong Stock Exchange before the year end.

To retain profitable, ZCIC is now emphasizing in cost control and certain restructure plan may be carried out to reduce the operating cost.

Managed by Shangri-La hotel management group, Kunshan Hotel is building good reputation in the region. The room occupancy rate is beyond our expectation due to the growth in corporate clients. We feel comfortable with the recent development pace of Kunshan Hotel and believe that it will contribute reasonable return to the Group in future.

After disposal of our investments in Geoby, the management is actively seeking various investment opportunities in the PRC to ensure the Group retains sufficient high potential assets to generate satisfactory return in future.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30th June 2006, the Group recorded a profit attributable to shareholders of approximately HK\$90 million, representing an increase of five times over the same period of 2005 of approximately HK\$15 million. Basic earnings per share attributable to the shareholders of the Company grew from HK1.27 cents in 2005 to HK7.60 cents in 2006. Turnover of the Group is approximately HK\$872 million, which recorded an increase by 141% over the same period of 2005.

Disposal of a jointly controlled entity

On 7th November 2005, the Company entered into two conditional agreements for the sales of its entire interest in Geoby to Pacific United Development Limited (ultimately controlled by the management team of Geoby) and G-Baby Holding Limited (a third party independent of the Company), at a consideration of US\$1,544,399 and US\$58,032,683 respectively. The transaction was completed in January 2006, thereafter the Group has no interest in Geoby and has recorded a gain of approximately HK\$102 million in the interim results.