

PROSPECTS

The Hong Kong economy has continued to show healthy growth, with the real GDP rising above trend for more than two years. In the first half of 2006, real GDP rose by 6.6%, following growth of 8.6% in 2004, and 7.3% in 2005. Domestic demand has resumed its growth momentum since the beginning of 2005 and is now playing an increasing role in the current economic upturn. Fixed investments grew healthy at 5.9% in the first half of 2006, after 4.1% in 2005, with corporate spending on machinery and equipment being the main driver. As for the external sectors, growth of exports of goods and services maintained robust at 10.1% and 8.8% in real terms in the first half of 2006. The government forecast of GDP growth of 4-5% for 2006.

In addition, other major financial markets worldwide in particular the economic development in the Mainland are growing solidly.

Overall, the outlook of Hong Kong's economy remains satisfactory. While remaining optimistic towards the recent market conditions, the Directors would exercise caution when making investments in companies having activities in the region with good appreciation potential in order to broaden the asset base and maximize the reward to our shareholders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30th June, 2006, none of the directors or chief executive (including their spouses and children under 18 years of age) of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was 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 for Securities Transactions by Directors of Listing Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange.

At no time during the year, have the directors and chief executive (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SFO).

At no time during the year was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or chief executives (including their spouses and children under 18 years of age) of the Company to hold any interests or short positions in the shares, underlying shares in or debentures of, the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30th June, 2006, the following persons or corporations, interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name of shareholder	Number of ordinary shares	% of total issued shares
Endless Wealth Limited*	15,000,000	20.83%

* Principally engaged in investment holding business, and wholly owned by and controlled by Mr. Chin Melvyn Michael.

Save as disclosed above, as at 30th June, 2006, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to good corporate governance. During the period under review, it has taken appropriate steps to ensure compliance with the code provisions of the Code on Corporate Governance Practice (Code) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Company has complied with the Code throughout the six months ended 30th June, 2006, with deviations from code provisions A.4.1 of the Code only in respect of the service term and rotation of directors.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under paragraph(1) of article 88 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has discussed and reviewed the Company's corporate governance practices with the management and is satisfied with the Company's internal controls and financial reporting matters, which have been implemented properly. In addition, there revealed no significant areas of improvement which are required to be brought to the attention of the Board.

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 of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed accounts for the six months ended 30th June, 2006 before recommending them to the Board for approval.

The Committee comprises three independent non-executive directors, namely Mr. Kong Tze Wing, Mr. Siu Siu Ling, Robert and Mr. Ng Yick Man, Andy.

By order of the Board
Wong Wing Hong, Benny
Director

Hong Kong, 14th September, 2006

As at the date of this report, the Board consists of Mr. Choi Wai Yin, Mr. Wong Wai Kwong David and Mr. Wong Wing Hong Benny as executive directors, and Mr. Kong Tze Wing, Mr. Siu Siu Ling Robert and Mr. Ng Yick Man Andy as independent non-executive directors.