

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 30 June 2006, the Group had no significant exposure to fluctuations in foreign exchange rates and any related hedges.

CAPITAL STRUCTURE

The Group had no other debt securities or capital instruments as at 30 June 2006 and up to the date of this Report.

MATERIAL ACQUISITIONS AND DISPOSALS

1. During the period, the Group further acquired 29.6% of Wah Shing for a total consideration of HK\$71,632,000.
2. During the period, the Group acquired 52.8% of Nority at a total consideration of HK\$67,310,000.
3. During the period, the Group acquired 87% of the Transferred Net Assets in 南京微分電機廠 at a consideration of RMB41,655,600, details of which were set out in circular of the Company dated 14 June 2006.

PLEDGES OF ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

There was no material change in the Group's pledges of assets, contingent liabilities and commitments as compared to the most recent published annual report.

MANAGEMENT OF RISKS

In the opinion of Directors, the market risk arising from the financial business is not considered as material.

EMPLOYEES

As at 30 June 2006, the total number of employees of the Group was approximately 32,700. Performance of the staff is normally reviewed on an annual basis with adjustment compatible to the market. There is no material change in the information as compared to the most recently published annual report.

PROSPECTS

Trading and Manufacturing

We are seeing stronger second half-year orders from clients for our trading and manufacturing operations. The performance of Wah Shing should improve accordingly and the shoe manufacturing in Tianjin is expected to have good results in the second half of the year as well.

In addition, we anticipate that the operating loss of the manufacturing of athletic and leisure shoes will be contained in the second half-year since our management has taken over control of Nority in May 2006. We are making our best efforts to minimise costs and soliciting more orders.

Property Investment and Development

The Group will benefit further from the rising local market demand for office space on renewal of leases of our commercial properties that are due to expire in the second half of the year.

The property development project of a prime retail shopping complex in Shenyang with a gross retail rental floor areas of approximately 130,000 square meters is underway and the pre-construction work is expected to commence later this year. The Group will continue to seek property projects in prime locations in the PRC with high development potential.

Travel and Related Services

Fourseas will continue to build upon the positive performance in the first half of the year. Various additional revenue sources are being tapped, including new products and new services. We intend to expand into the PRC market and preliminary discussions are in progress.

Securities and Financial Services

Our securities broking business still faces intense competition from banks offering related services. Riding on our long established reputation in the local broking business and our well-developed online trading platform, "Sctrade System", we should be able to fortify our position among our competitors and continue to maintain steady growth. In fact, we are actively studying the feasibility of introducing more financial products onto our online trading platform. We expect that it would be able to further improve our services and use as an edge to attract more new clients.

The Group intends to channel more resources to redefine the market position of our securities brokerage business in the short run.

Media and Publications

After adjustments to our existing magazine portfolio and streamlining of costs across several magazine platforms, our media business unit will be a leaner operation going into the third and fourth quarter of the year. Management will continue to closely monitor the performance of individual magazine in Hong Kong, while more efforts will be placed in our PRC magazines which continue to gain ground in terms of advertising and circulation revenues.

Information and Technology

The information and technology operation will further expand in the provision of services and software development. It will not only provide steady and recurring revenue stream but also enhance the profit margin of the business unit. We are still investigating the possibility of a listing in London's Alternative Investment Market and other similar exchange.

Agriculture

Recent rising prices in agricultural produce are generally a good sign for our business units. We are optimistic that the recent trend will benefit our freshwater produce which harvests in the fourth quarter, but remain cautious for our fruit products that harvest next year. Overall, we are still looking to expand acreage in Hebei as acquisition is still cheap, and may consider other Northern provinces in the PRC in the future.

We are exploring the possibility of deploying our agricultural lands for the other purposes in order to create more values and returns to our shareholders.

OTHER INFORMATION

INTERIM DIVIDEND

The Board 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).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2006, the interests and short positions of the Directors and Chief Executives of the Company in the shares, underlying shares or debenture of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”), were as follows:

(1) Long positions in ordinary shares of HK\$0.025 each of the Company:

Name of Director	Note	Number of shares held, capacity and nature of interest		Total	Approximate Percentage of the Company's issued share capital
		Directly beneficiary owned	Through controlled corporation		
Ng Hung Sang (“Mr. Ng”)	(a)	71,652,200	1,272,529,612	1,344,181,812	73.72%
Richard Howard Gorges (“Mr. Gorges”)	(a)	–	487,949,760	487,949,760	26.76%
Cheung Choi Ngor (“Ms. Cheung”)	(a)	–	487,949,760	487,949,760	26.76%