

Property Investment and Development

Our rental portfolio reported a profit of HK\$7.3 million. Most of the tenancies that expired during the period were renewed with higher rental yields. During the period, we disposed one of the investment properties and realised a gain on disposal of HK\$5.1 million.

During the period, the Group increased its controlling stake to 87% interest in a joint venture partner company. The joint venture owns a prime retail site in Yunan North Road, Gulou District, in the centre of Nanjing city. We expect a higher rental revenue and profit contribution to the Group in the coming future as a result of the acquisition.

Travel Business

Buoyed by the improving economy and increasing consumer spending, Hong Kong's travel industry posted a solid 12% increase in air travel in the first half of year 2006. Hong Kong Four Seas Tours Limited ("Fourseas") successfully capitalised on the favourable environment by increasing turnover by 20% when compared to the same period last year. Despite the high growth, the market competition intensified which led to a decrease in gross profit margins. Nevertheless, Fourseas posted a net profit for the first six months of 2006 of HK\$11.3 million, a 1.2 times increase as compared with the corresponding period in year 2005.

Information Technology

The turnover increased 31% from HK\$30.6 million in the first half of 2005 to HK\$40.0 million in the first half of 2006 as a result of further growth in the systems integration business. The operating loss was roughly the same as the last year interim.

Agricultural Business

The agricultural business reported a loss of HK\$2.4 million over the period as compared with loss of HK\$4.4 million for first half of 2005. We benefited from some cost savings made in our Guangzhou Lychee farm operations, but due to our expanding winter dates project in Hebei, the business unit is still in its investment period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2006, the Group had a current ratio of 1.14 and a gearing ratio of 11.4% (31 December 2005: 1.14 and 3.4% respectively). The gearing ratio is computed on comparing the Group's total long-term bank borrowings of HK\$143.9 million to the Group's equity of HK\$1,262.1 million. The Group's operations and investments continue to be financed by internal resources and bank borrowings.

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.