

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2006 (30.6.2005: Nil).

REVIEW AND PROSPECTS

During the period under review, the Company's principal activity continued to be investment holding and its main subsidiaries were engaged in property development.

As reflected in the results for the six months ended 30 June 2006, the Group's business was still in a low tide during the period. The Group recorded a consolidated turnover of HK\$562,000, an increase of approximately 151% in comparison with the last corresponding period's HK\$224,000. The loss attributable to shareholders amounted to HK\$28,840,000 as compared to the amount of HK\$19,787,000 in the last corresponding period, an increase of approximately 45.8%. The absence of pre-sale income from the Group's Shanghai Fairyoung Building resulted in the meagre total turnover for the period.

Under the present financial predicament, the management's primary task is to beef up the Group's cashflow position, alongside with endeavouring in restructuring the capital structure of Group and stepping up future development.

As a post-balance sheet event, the commercial portion of the Shanghai Fairyoung Building has recently been sold and the cash inflow will be accounted for in the second half of 2006 and this will substantially improve the Group's cashflow position. Rental income would be generated from the carparks of Fairyoung Building when the project is completed expectedly at the end of 2006. The market value of the Group's another property in Harbin is on the rise. The Group is planning to develop it into a mall with the theme of "Kids' Paradise". The management is confident that the project, which is located in a prime site, will contribute towards the Group substantially in near future, no matter in terms of appreciation on value or rental revenue.

Another property project held by the Group is Shuijinghu Resort Hotel in Nanzhang, Hubei. The resort is undergoing improvement works, which will be finished soon. It is geared to tap the medium market and hopefully it may be benefited from the growing demand from domestic travels and conferences in the PRC.

In the meantime, the Group is also striving to explore more business opportunities with a view to diversifying itself from the risk of over-relying on the property market. The management strongly believes that the Group has been equipped to get hold of suitable projects when opportunities present themselves, and this will improve the return of our shareholders in the foreseeable future.