

九洲發展有限公司
JIUZHOU DEVELOPMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 908)

INTERIM REPORT

2006



INDEPENDENT REVIEW REPORT

To the Board of Directors

Jiuzhou Development Company Limited

(Incorporated in Bermuda with limited liability)

We have been instructed by the Company to review the interim financial report for the six months ended 31 October 2006 as set out on pages 3 to 22.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved and authorised for issue by, the directors. It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review principally consists of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Uncertainty relating to going concern basis

In arriving at the review conclusion, we have considered the adequacy of the disclosures made in note 1 to the interim financial report concerning the adoption of the going concern basis on which the interim financial report has been prepared. As explained in note 1 to the interim financial report, liquidators (the "Liquidators") were appointed for a shareholder of the Company (the "Major Shareholder"), holding indirectly 337 million shares, representing an aggregate equity interest of approximately 30.78% at the date of the interim financial report, in the Company and provisional liquidators (the "Provisional Liquidators") were appointed for another shareholder of the Company (the "Registered Shareholder"), which is a wholly-owned subsidiary of the Major Shareholder and directly holds the aforesaid 337 million shares in the Company, pursuant to various winding-up orders.

The above 337 million shares (the "Pledged Shares") held by the Registered Shareholder were charged in previous years in favour of a wholly-owned subsidiary of a substantial shareholder of the Company (the "Chargee"), and a dispute has arisen between the Chargee and the Provisional Liquidators over the proposed transfer of such shares by the Chargee.

Any changes in the registered holders of the Pledged Shares may result in a change in the composition of the board of directors of the Company.

The interim financial report has been prepared on a going concern basis, the validity of which depends upon the fulfilment of the conditions of the conditional settlement agreement concerning the Pledged Shares entered into among other parties, the Major Shareholder, the Registered Shareholder, the Chargee, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Settlement Agreement"). The fulfilment of the Settlement Agreement is in turn subject to the completion of the debt restructuring agreement entered into among other parties, the Major Shareholder, the Liquidators and the Provisional Liquidators on 5 August 2006 (the "Debt Restructuring Agreement"). The interim financial report does not include any adjustments that may be necessary should the conditions of the Settlement Agreement and the Debt Restructuring Agreement not be fulfilled and as a direct consequence of which any decisions subsequently taken by the bankers, creditors, the Liquidators and/or the Provisional Liquidators over the future direction of the business and financial operations of the Group, which may affect the Group's ability to continue to operate as a going concern. Details of the circumstances relating to this uncertainty are described in note 1 to the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 October 2006.

Ernst & Young

Certified Public Accountants

Hong Kong
12 January 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 October 2006

		For the six months ended 31 October	
		2006	2005
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
REVENUE	5	141,328	120,146
Cost of sales		(105,369)	(90,825)
Gross profit		35,959	29,321
Other income		29,470	8,313
Selling and distribution costs		(3,363)	(3,971)
Administrative expenses		(24,853)	(21,791)
Other operating income/(expenses), net		(4,020)	99
Share of profit of a jointly-controlled entity		14,221	9,435
Share of losses of associates		—	(135)
PROFIT BEFORE TAX	6	47,414	21,271
Tax	7	(3,654)	(2,210)
PROFIT FOR THE PERIOD		43,760	19,061
ATTRIBUTABLE TO:			
Equity holders of the Company		42,815	18,369
Minority interests		945	692
		43,760	19,061
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK4.19 cents	HK2.30 cents
Diluted		HK4.04 cents	HK2.12 cents
DIVIDEND PER SHARE		Nil	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

31 October 2006

		As at 31 October 2006	As at 30 April 2006
	Notes	HK\$'000 (Unaudited)	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		369,453	372,118
Prepaid land lease payments		195,904	198,573
Rights to use port facilities		18,973	18,887
Intangible asset		7,852	10,105
Interest in a jointly-controlled entity		78,080	81,007
Interests in associates		—	1,968
Available-for-sale equity investment	9	613	601
Prepayments and deposits	10	151,726	6,246
Total non-current assets		822,601	689,505
CURRENT ASSETS			
Available-for-sale equity investment	9	—	7,480
Securities measured at fair value through profit or loss	11	198,116	119,694
Held-to-maturity investments		—	48,077
Inventories		2,418	1,745
Trade receivables	12	27,553	24,476
Prepayments, deposits and other receivables		46,938	23,845
Due from a jointly-controlled entity	13	2,854	3,303
Due from a shareholder	13	183	5,362
Due from related companies	14	487	1,009
Cash and cash equivalents	15	144,543	163,675
Total current assets		423,092	398,666
CURRENT LIABILITIES			
Trade payables	16	16,373	10,413
Accrued liabilities and other payables		58,747	53,004
Construction payables		3,336	3,654
Tax payable		11,610	10,185
Dividend payable		54,749	—
Due to related companies	14	3,061	578
Total current liabilities		147,876	77,834

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

31 October 2006

		As at 31 October 2006	As at 30 April 2006
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i>
NET CURRENT ASSETS		275,216	320,832
TOTAL ASSETS LESS CURRENT LIABILITIES		1,097,817	1,010,337
NON-CURRENT LIABILITIES			
Deferred tax liabilities		6,299	6,299
Net assets		1,091,518	1,004,038
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	109,498	84,218
Reserves		974,679	907,698
		1,084,177	991,916
Minority interests		7,341	12,122
Total equity		1,091,518	1,004,038

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2006

	Attributable to equity holders of the Company													
	Available-for-sale equity													Total equity
	Share capital	Share premium			Warrant reserve	Goodwill reserve	Asset revaluation reserve	Investment revaluation reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits	Proposed dividends	Minority interests	
account		Contributed surplus												
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
At 1 May 2006	84,218	378,515	446,355	353	(200,573)	36,613	3,101	71,102	20,414	109,709	42,109	991,916	12,122	1,004,038
Disposal of available-for-sale equity investment	—	—	—	—	—	—	(3,101)	—	—	—	—	(3,101)	—	(3,101)
Exchange realignment	—	—	—	—	—	—	—	—	8,315	—	—	8,315	117	8,432
Share of reserve movement of a jointly-controlled entity	—	—	—	—	—	—	—	—	1,700	—	—	1,700	—	1,700
Total income and expense for the period recognised directly in equity	—	—	—	—	—	—	(3,101)	—	10,015	—	—	6,914	12,239	19,153
Profit for the period	—	—	—	—	—	—	—	—	—	42,815	—	42,815	945	43,760
Total income and expense for the period	—	—	—	—	—	—	(3,101)	—	10,015	42,815	—	49,729	13,184	62,913
2006 final dividend declared	—	—	—	—	—	—	—	—	—	(12,640)	(42,109)	(54,749)	—	(54,749)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(5,843)	(5,843)
Issuance of warrants	—	—	—	11	—	—	—	—	—	—	—	11	—	11
Warrants exercised (note 17)	9,300	41,851	—	—	—	—	—	—	—	—	—	51,151	—	51,151
Share options exercised (note 17)	15,980	31,161	—	—	—	—	—	—	—	—	—	47,141	—	47,141
Share issue expenses (note 17)	—	(1,022)	—	—	—	—	—	—	—	—	—	(1,022)	—	—
Transfer to statutory reserve funds	—	—	—	—	—	—	—	1,923	—	(1,923)	—	—	—	—
Share of reserve movement of a jointly-controlled entity	—	—	—	—	—	—	—	2,466	—	(2,466)	—	—	—	—
At 31 October 2006	109,498	450,505	446,355	364	(200,573)	36,613	—	75,491	30,429	135,495	—	1,084,177	7,341	1,091,518

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 31 October 2006

	Attributable to equity holders of the Company										
	Share capital	Share premium account	Contributed surplus	Goodwill reserve	Asset revaluation reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 May 2005	79,900	359,599	446,355	(200,573)	56,519	62,134	—	125,981	929,915	10,234	940,149
Exchange realignment and total income and expense for the period recognised directly in equity	—	—	—	—	—	—	20,593	—	20,593	295	20,888
Profit for the period	—	—	—	—	—	—	—	18,369	18,369	692	19,061
Total income and expense for the period	—	—	—	—	—	—	20,593	18,369	38,962	987	39,949
Transfer to statutory reserve funds	—	—	—	—	—	1,480	—	(1,480)	—	—	—
Share of reserve movement of a jointly-controlled entity	—	—	—	—	—	2,728	—	(2,728)	—	—	—
At 31 October 2005	79,900	359,599	446,355	(200,573)	56,519	66,342	20,593	140,142	968,877	11,221	980,098

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 31 October 2006*

	For the six months ended 31 October	
	2006	2005
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM:		
Operating activities	25,421	40,556
Investing activities	(60,148)	(39,369)
Financing activities	97,281	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,554	1,187
Cash and cash equivalents at beginning of period	71,297	194,577
Effect of foreign exchange rate changes, net	862	5,118
CASH AND CASH EQUIVALENTS AT END OF PERIOD	134,713	200,882
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	134,713	200,882

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

31 October 2006

1. CORPORATE UPDATE AND BASIS OF PRESENTATION

By an order of the High Court of Hong Kong (the "High Court") dated 14 August 2003, provisional liquidators of Zhu Kuan Group Company Limited ("Zhu Kuan Macau") and Zhu Kuan (Hong Kong) Company Limited ("Zhu Kuan (HK)") were appointed following the filing of winding-up petitions by one of their creditors. Zhu Kuan Macau and Zhu Kuan (HK) together were then the controlling shareholders of the Company.

337 million shares in the Company are registered in the name of and directly held by Pioneer Investment Ventures Limited ("PIV"), a wholly-owned subsidiary of Zhu Kuan Macau and incorporated in the British Virgin Islands. By an order of the High Court and the Court of the British Virgin Islands, provisional liquidators (the "Provisional Liquidators") of PIV were appointed following the filing of a voluntary winding-up petition by the provisional liquidators of Zhu Kuan Macau on behalf of Zhu Kuan Macau.

During the year ended 30 April 2005, a winding-up order was granted by the Court of First Instance of the Macau Special Administrative Region (the "Macau Court") against Zhu Kuan Macau. In addition, a winding-up order was also granted by the High Court against Zhu Kuan (HK). Liquidators (the "Liquidators") have been appointed in respect of the two winding-up orders.

The 337 million shares attributable to PIV (the "PIV Charged Shares") have been pledged to Longway Services Group Limited ("Longway"), a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation ("Zhuhai Jiuzhou Port Group"), a substantial shareholder of the Company, the minority shareholder of Zhuhai Jiuzhou Port Passenger Traffic Services Co., Ltd. ("Jiuzhou Port Company"), a 90%-owned subsidiary of the Group, and the joint venture partner of Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company"), the Group's jointly-controlled entity. Steps have been taken by Longway to perfect its security conferred by the share charge by a transfer of the PIV Charged Shares to Longway. The Provisional Liquidators however consider that due to the petitions, the transfer of PIV Charged Shares cannot be effected.

On 5 August 2006, (1) a debt restructuring agreement (the "Debt Restructuring Agreement") was made between, among other parties, Zhu Kuan Macau, Zhu Kuan (HK), the Liquidators and 珠海市國源投資有限公司 ("Zhuhai Guoyuan"); and (2) a conditional settlement agreement (the "Settlement Agreement") was made between, among other parties, Zhu Kuan Macau, PIV, Longway and the Liquidators. Upon the completion of the Debt Restructuring Agreement, which should be completed within 18 months from 5 August 2006 unless otherwise agreed by the parties to the Debt Restructuring Agreement, Zhuhai Guoyuan will take full ownership of the assets of Zhu Kuan Macau and Zhu Kuan (HK) and their respective winding-up petitions will be removed. Pursuant to the Settlement Agreement, Longway and the Liquidators agreed that the legal proceedings between both parties for the transfer of the PIV Charged Shares will be stayed until the completion of the Debt Restructuring Agreement, following which Longway will be able to enforce its rights over the PIV Charged Shares.

1. CORPORATE UPDATE AND BASIS OF PRESENTATION *(Continued)*

The above pledges were not used as security against any of the Group's borrowing facilities. Furthermore, the Group is not the subject of any of the winding-up petitions/orders mentioned above.

As at 31 October 2006 and up to the date of this interim financial report, the Group has neither given financial assistance (such as loans or guarantees) to Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates, nor has the Group received any financial assistance from Zhu Kuan Macau, Zhu Kuan (HK), PIV or any of their subsidiaries and associates. The major connected transactions made between (a) the Group on the one part and (b) the group of companies comprising Zhu Kuan Macau and Zhu Kuan (HK) and their respective subsidiaries (other than the Group) on the other part are certain lease arrangements under which the Group is the lessee. The subject premises of such lease arrangements are certain of the facilities (including villas, a health centre and recreational facilities) of Zhuhai Holiday Resort Hotel Co., Ltd., a subsidiary of the Company. Further details of such transactions are set out in note 18 to the interim financial report.

Further details concerning the above are also set out in the Company's various press announcements during the period from August 2003 to August 2006.

The interim financial report of the Group has been prepared in the assumption that the Group will continue to operate as a going concern for the foreseeable future.

The directors of the Company believed that the latest development regarding entering into the Debt Restructuring Agreement with the Liquidators is a significant step towards the resolution of the legal proceedings faced by Zhu Kuan Macau and Zhu Kuan (HK). However, up to the date of this interim financial report, the directors of the Company cannot give absolute assurance that the future business and financial operations of the Group will not be significantly affected if the conditions of the Settlement Agreement are not fulfilled which is in turn subject to the completion of the Debt Restructuring Agreement.

Should the Group be unable to continue as a going concern as a result of the winding-up petitions/orders and/or any subsequent changes in the registered holders of the PIV Charged Shares, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of such adjustments have not been reflected in this interim financial report.

2. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial report for the six months ended 31 October 2006 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial report are the same as those used in the annual financial statements of the Group for the year ended 30 April 2006, except for the adoption of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”, which also include Hong Kong Accounting Standards and Interpretations) as disclosed in note 3.1 below.

3.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs, which are generally effective for annual periods beginning on or after 1 January 2006. The Group has adopted the following revised HKFRSs, which are applicable to the Group, in the interim financial report:

HKAS 21	Net Investment in a Foreign Operation
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC) — Int 8	Scope of HKFRS 2

The adoption of these new and revised standards and interpretation has had no material effect on the accounting policies of the Group and the methods of computation in the Group’s interim financial report.

3.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in the interim financial report:

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosure
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group’s objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group’s financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

3.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HK(IFRIC) — Int 9 and 10 shall be applied for annual periods beginning on or after 1 June 2006 and 1 November 2006, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment and HKFRS 7 may result in new or amended disclosures, these new and revised HKFRSs should have no significant impact on the Group's results of operations and financial position.

4. SEGMENT INFORMATION

An analysis of the Group's revenue and results by business segments is as follows:

	Hotel		Tourist attraction		Provision of port facilities and ticketing services		Corporate and others		Consolidated	
	For the six months ended 31 October		For the six months ended 31 October		For the six months ended 31 October		For the six months ended 31 October		For the six months ended 31 October	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:										
Sales to external customers	85,892	69,824	34,101	30,574	21,335	18,751	—	997	141,328	120,146
Segment results	731	1,352	6,161	3,264	10,880	7,842	12,380	(2,224)	30,152	10,234
Interest income									3,041	1,737
Share of profits less losses of:										
Jointly-controlled entity	—	—	—	—	14,221	9,435	—	—	14,221	9,435
Associates	—	—	—	—	—	—	—	(135)	—	(135)
Profit before tax									47,414	21,271
Tax									(3,654)	(2,210)
Profit for the period									43,760	19,061

5. REVENUE

The Group's revenue represents proceeds from the provision of services, sales of goods, tickets, food and beverage, and the provision of port facilities and ticketing services, less sales tax and after trade discounts and returns, during the period.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 31 October	
	2006	2005
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Cost of inventories sold	12,836	10,620
Cost of services provided	92,533	80,205
Amortisation of prepaid land lease payments	3,553	3,531
Amortisation of rights to use port facilities	284	220
Impairment of intangible asset	2,451	—
Depreciation	14,354	14,034
Loss on disposal of an associate	1,150	—
Fair value losses/(gains) on securities measured at fair value through profit or loss, net	(8,869)	16
Gain on disposal of available-for-sale equity investment	(3,101)	—
Gain on disposals of securities measured at fair value through profit or loss	(4,703)	—
Exchange gains, net	(3,117)	(2,048)
Gross and net rental income	(4,800)	(4,090)
Interest income	(3,041)	(1,737)

7. TAX

	For the six months ended 31 October	
	2006	2005
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current period provision:		
Hong Kong	—	—
Elsewhere	3,654	2,210
	3,654	2,210

Hong Kong profits tax has not been provided because the Group did not generate any assessable profits arising in Hong Kong during the period (2005: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the tax jurisdictions in which the Group operates, based on existing legislation and interpretations and practices in respect thereof.

7. TAX (Continued)

Share of tax attributable to a jointly-controlled entity amounting to HK\$2,676,000 (2005: HK\$2,256,000) is included in share of profit of a jointly-controlled entity on the face of the condensed consolidated income statement. There was no profits tax attributable to the associates of the Group as these associates did not generate any assessable profits during the period (2005: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit for the period attributable to equity holders of the Company of HK\$42,815,000 (2005: HK\$18,369,000) and the weighted average of 1,021,307,446 (2005: 799,000,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period attributable to equity holders of the Company for the period of HK\$42,815,000 (2005: HK\$18,369,000). The weighted average number of ordinary shares used in the calculation is the 1,021,307,446 (2005: 799,000,000) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 39,528,313 (2005: 68,426,013) ordinary shares assumed to have been issued at nil consideration on the deemed exercise of all share options and warrants outstanding during the period.

9. AVAILABLE-FOR-SALE EQUITY INVESTMENT

	As at 31 October 2006	As at 30 April 2006
	HK\$'000 (Unaudited)	HK\$'000
Hong Kong listed equity investment, at fair value	—	7,480
Unlisted equity investment, at cost	613	601
	613	8,081
Less: Amount classified under current portion	—	(7,480)
	613	601

The unlisted equity investment is stated at cost because its fair value could not be reliably measured at the balance sheet date.

10. PREPAYMENTS AND DEPOSITS

Included in the balance was deposits of approximately HK\$147 million paid by the Group for certain proposed transactions as detailed below.

- (a) On 30 June 2006, the Group entered into a letter of intent with Zhuhai Guoyuan (the "First Intent Letter"). Pursuant to the First Intent Letter, the Group has the first right of acquisition of several parcels of land (the "Hotel Land") leased to the Group where certain building structures of the Hotel Business were erected. In return, the Group paid a refundable deposit of RMB78 million (equivalent to approximately HK\$76 million) to Zhuhai Guoyuan. Pursuant to the First Intent Letter, the deposit will be refunded to the Group should no formal legal binding agreement is entered into on or before 31 December 2006.

Subsequent to the balance sheet date, on 29 December 2006, the Group entered into a conditional sale and purchase agreement in respect of the parcels of land with Zhuhai Guoyuan, regarding the above.

- (b) On 5 July 2006, the Group entered into a letter of intent with 珠海市國資委 ("國資委") (the "Second Intent Letter"). Pursuant to the Second Intent Letter, the Group has the first right of acquiring certain equity interests in two PRC companies with interests in certain public transportation services and racing circuit, golf club and property development businesses in Zhuhai from 國資委. In return, the Group paid refundable deposits in aggregate of RMB72 million (equivalent to approximately HK\$71 million) to 國資委.

Subsequent to the balance sheet date, on 29 December 2006, the Group entered into a supplementary letter of intent (the "Supplementary Letter") with 國資委, pursuant to which the Group and 國資委 agreed that the Group will not proceed further for the acquisition of the PRC company engaging in the public transportation services and the aggregate deposits paid of RMB72 million will serve as a refundable deposit for the acquisition of the PRC company engaging in racing circuit, golf club and property development businesses in Zhuhai. Further details of the Supplementary Letter are set out in note 22 to the interim financial report.

11. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 October 2006	As at 30 April 2006
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Hong Kong listed equity investments, at fair value	71,963	1,425
Listed debt investments in the PRC, at fair value	34,443	—
Unlisted investments in the PRC, at fair value [#]	32,463	60,577
Unlisted debt investments in the PRC, at fair value ^{##}	59,247	57,692
	198,116	119,694

[#] The fair values of the unlisted investments were determined with reference to recent market transactions.

^{##} The fair values of the unlisted debt investments were determined with reference to valuation performed by a firm of independent valuers using the discounted cash flow method.

12. TRADE RECEIVABLES

A defined credit policy is maintained within the Group. The general credit terms range from one month to three months, except for certain well-established customers with a good repayment history, where the terms are extended to 18 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

An aged analysis of the trade receivables as at the balance sheet date, net of provision, is as follows:

	As at 31 October 2006	As at 30 April 2006
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Current — 3 months	18,238	11,279
4 — 6 months	3,132	3,552
7 — 12 months	2,199	3,449
Over 12 months	3,984	6,196
	27,553	24,476

12. TRADE RECEIVABLES (Continued)

As at 31 October 2006, the Group had a receivable balance due from the Zhuhai Municipal Government arising from the use of the Group's hotel facilities amounting to approximately HK\$12,676,000 (30 April 2006: HK\$12,532,000). Such balance was included in trade receivables under current assets. The trade receivable with the Zhuhai Municipal Government was unsecured, interest-free, the credit term granted was as mentioned above and the carrying amount approximated its fair value.

13. DUE FROM A JOINTLY-CONTROLLED ENTITY AND A SHAREHOLDER

The amounts due from a jointly-controlled entity and a shareholder are unsecured, interest-free, and have no fixed terms of repayment.

14. BALANCES WITH RELATED COMPANIES

Particulars of amounts due from related companies are as follows:

Name	Relationship	As at 31 October 2006	As at 30 April 2006
		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Macau-Mondial Travel & Tours Ltd.	Subsidiary of Zhu Kuan Macau	5,398	5,398
Zhuhai Special Economic Zone Hotel	Subsidiary of Zhu Kuan Macau	458	458
濠江旅行社	Subsidiary of Zhuhai Jiuzhou Port Group Corporation	487	1,009
		6,343	6,865
Impairment		(5,856)	(5,856)
		487	1,009

The balances with related companies are unsecured, interest-free, and have no fixed terms of repayment.

15. CASH AND CASH EQUIVALENTS

	As at 31 October 2006	As at 30 April 2006
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Cash and bank balances	134,713	55,666
Time deposits with original maturity:		
Within three months	—	15,631
Over three months	9,830	92,378
	144,543	163,675

16. TRADE PAYABLES

An aged analysis of trade payables as at the balance sheet date is as follows:

	As at 31 October 2006	As at 30 April 2006
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Current — 3 months	12,327	6,724
4 — 6 months	1,451	347
7 — 12 months	656	389
Over 12 months	1,939	2,953
	16,373	10,413

17. SHARE CAPITAL

	As at 31 October 2006	As at 30 April 2006
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Shares		
Authorised:		
2,000,000,000 shares of HK\$0.10 each	200,000	200,000
Issued and fully paid:		
1,094,980,000 (30 April 2006: 832,590,000) shares of HK\$0.10 each	109,498	83,259
Fully paid but not yet issued:		
Nil (30 April 2006: 9,588,000 shares of HK\$0.10 each)	—	959
	109,498	84,218

During the period, the movements in the Company's share capital were as follows:

- (a) 9,588,000 warrants were exercised immediately prior to 30 April 2006 at a subscription price of HK\$0.55 each for 9,588,000 shares of HK\$0.10 each for a total cash consideration, before issue expenses, of approximately HK\$5,273,000. The 9,588,000 shares were issued to the subscribers in May 2006.
- (b) 159,800,000 share options were exercised at an average subscription price of HK\$0.295 each for 159,800,000 shares of HK\$0.10 each for a total cash consideration of approximately HK\$47,141,000, before issue expenses.
- (c) 93,002,000 warrants were exercised at a subscription price of HK\$0.55 each for 93,002,000 shares of HK\$0.10 each for a total cash consideration, before issue expenses, of approximately HK\$51,151,000.

17. SHARE CAPITAL (Continued)

A summary of the transactions during the period with reference to the above movements in the Company's share capital is as follows:

	Number of shares	Share capital	Share premium account	Total
		HK\$ '000	HK\$ '000	HK\$ '000
At 1 May 2005 and 31 October 2005	799,000,000	79,900	359,599	439,499
At 1 May 2006	832,590,000	84,218	378,515	462,733
Warrants exercised:				
Shares fully paid before 30 April 2006 but issued in May 2006	9,588,000	—	—	—
Shares fully paid and issued	93,002,000	9,300	41,851	51,151
	102,590,000	9,300	41,851	51,151
Share options exercised:				
Shares fully paid and issued	159,800,000	15,980	31,161	47,141
Share issue expenses	—	—	(1,022)	(1,022)
At 31 October 2006	1,094,980,000	109,498	450,505	560,003

18. MATERIAL RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the unaudited condensed consolidated interim financial report, the Group had the following material transactions with related parties during the period:

Name	Nature	For the six months ended 31 October	
		2006	2005
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Zhuhai Holiday Resort Co., Ltd. ("ZHRC")	(i) Rental expense	4,403	4,358
Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company")	(ii) Port service fees	15,686	11,429
Zhuhai Jiuzhou Port Group Corporation	(iii) Rental expenses	1,839	1,725
China Marine Bunker Supply Company Jiuzhou Branch	(iv) Diesel fuel expenses	699	112

18. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

- (i) The rental expense paid to ZHRC, a subsidiary of Zhu Kuan Macau, for the Hotel Land was calculated by reference to the tenancy agreement.
- (ii) Jiuzhou Port Company, a subsidiary of the Company, received agency commission fees and service fees ("Port Service Fee") for the provision of agency services for the selling of ferry tickets to passengers and management services of the berthing facilities of Zhuhai's Jiuzhou Port to the Ferry Company, the jointly-controlled entity of the Group. The Port Service Fee is charged at a rate of 23.5% on the gross proceeds from the sale of ferry tickets.
- (iii) The rental expenses paid to Zhuhai Jiuzhou Port Group Corporation, which is a substantial shareholder of the Company and the major shareholder of the Ferry Company, were calculated by reference to the respective tenancy agreements.
- (iv) The diesel fuel expenses paid to China Marine Bunker Supply Company Jiuzhou Branch, which is a subsidiary of Zhuhai Jiuzhou Port Group Corporation, were calculated by reference to the diesel fuel supply agreement.

19. CONTINGENT LIABILITIES

At the balance sheet date, the Group had no significant contingent liabilities (30 April 2006: Nil).

20. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	As at 31 October 2006	As at 30 April 2006
	HK\$'000 (Unaudited)	HK\$'000
Within one year	13,500	12,793
In the second to fifth year, inclusive	40,082	40,729
After five years	280,347	284,692
	333,929	338,214

21. COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following commitments as at the balance sheet date:

	As at 31 October 2006	As at 30 April 2006
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i>
Capital commitments contracted for:		
Acquisition of property, plant and equipment	283	1,433

22. POST BALANCE SHEET EVENTS

The Group had the following significant post balance sheet events:

- (a) Subsequent to the balance sheet date, on 29 December 2006, the Group and Zhuhai Guoyan entered into a conditional sale and purchase agreement for the acquisition of the Hotel Land. A refundable deposit of RMB78 million had been paid by the Group.
- (b) Subsequent to the balance sheet date, on 29 December 2006, the Group entered into the Supplementary Letter pursuant to which the Group ceased the negotiation with 國資委 regarding the proposed acquisition of certain equity interest in the PRC company engaging in public transportation services. The aggregate deposit of RMB72 million paid by the Group in July 2006 will serve as a refundable deposit for the proposed acquisition of certain equity interest in a PRC company engaging in the racing circuit, golf club and property development businesses in Zhuhai. The deposit, together with interest calculated at prevailing PRC bank borrowing rate from 5 January 2007, will be refunded to the Group should no formal agreement is entered into on or before 4 July 2007. Details of the Supplementary Letter is announced by the Group in a press announcement dated 4 January 2007.
- (c) Subsequent to the balance sheet date, the Group disposed of certain Hong Kong listed equity investments with an aggregate carrying value of HK\$70.4 million as at 31 October 2006 for an aggregate cash consideration of HK\$72.6 million and resulted in a gain of HK\$2.2 million.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial report was approved and authorised for issue by the board of directors of the Company on 12 January 2007.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

Management Discussion and Analysis

Business Review

For the six months ended 31 October 2006, the Group's unaudited consolidated revenue and unaudited consolidated net profit attributable to shareholders amounted to approximately HK\$141,328,000 and HK\$42,815,000 respectively, representing an increase of approximately 18% and 133% over the corresponding period of 2005. During the period under review, the overall operating environment and business of the Group is more or less the same with that in the corresponding period last year. Benefited from the continuous vigorous growth of tourism industry in the PRC and the flexible operating strategy and integration of resources adopted by the enterprise, the port and marine transportation, hotel and tourist attraction businesses achieved better performance as compared with the corresponding period last year. In particular, the marine passenger transportation and port businesses recorded a double-digit growth in their operating profits during the period, as compared with the corresponding period last year.

1. *Port Transportation Business*

As for marine passenger transportation business, continuously benefited from the opening of individual visits to Hong Kong and Macau and the opening of Zhuhai Ocean Spring Resort, a huge number of visitors from the PRC and Hong Kong were attracted to Zhuhai. During the period under review, the number of passenger trips of the ferry services between Zhuhai and Hong Kong, and Zhuhai and Shekou, operated by Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company") was 688,000 and 250,000 respectively, representing a growth of approximately 22% and 8% respectively as compared to the corresponding period last year. It was attributable to the sales strategy of launching a series of group ticket price concessions, leading to a significant increase in the number of tour visitors. In addition, since August 2005, the ticket price adjusted upward moderately. As such, the overall operating income achieved an increase of approximately 27% as compared with the corresponding period last year. Although the operating income was partially offset by the increase in the cost of fuel resulted from high oil prices, the operating profit of Ferry Company still recorded a growth of approximately 50% as compared with the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

1. *Port Transportation Business (Continued)*

As for port business, the operating income derived from ticket agency business and the utilisation of pier facilities of Zhuhai Jiuzhou Port Passenger Traffic Service Co., Ltd. ("Jiuzhou Port Company") increased approximately by 14% as compared with the corresponding period last year, mainly attributed to the number of passengers of the ferry services between Zhuhai and Hong Kong, and Zhuhai and Shekou increased by 7% and 5% respectively as compared with the corresponding period last year. Moreover, increases are also recorded for the island tour and evening cruise tour. Therefore, the overall operating profit of Jiuzhou Port Company increased by approximately 37% as compared with the corresponding period last year.

2. *Hotel Business*

During the period under review, the average occupancy rate of our hotel was approximately 59%, compared to approximately 64% of the corresponding period last year, representing a decrease by 5%. The average room rates increased approximately 3% as compared with the corresponding period last year. Since certain multi-star hotels in peripheral regions were put into operation during the period under review, the hotel industry was still under intense competition, and accordingly revenue from accommodation services of the resort hotel and related services recorded a slight decrease. The travel agency business operated by Zhuhai Holiday Resort Hotel Co., Ltd. achieved remarkable growth as compared with the corresponding period last year. However, keen competition in travel agency industry caused the profit margin to decrease slightly. As for catering and sale of food, particularly for large scale feasts and sale of mooncakes, the Group has continued to achieve good operation effectiveness. In general, the overall result of the hotel business during the period under review still achieved better performance as compared with the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

3. *The New Yuanming Palace and the Fantasy Water World*

During the period under review, the number of visitors of the New Yuanming Palace was approximately 360,000, representing an increase of approximately 7% as compared with the corresponding period last year. It was mainly attributable to adjustment of its operating strategy by reducing the average ticket price with the aim to enhance sources of visitors. The addition of the night show for the drama "Sea War In Qing Dynasty" (大清海戰) also achieved a remarkable increase in income as compared with the corresponding period last year. Moreover, the management has reinforced promotion on the corporate tour, student tour and elderly tour and during festivals in order to attract more visitors.

During the period under review, the number of visitors of the Fantasy Water World was approximately 274,000, representing a decrease of 5% as compared with the corresponding period last year. It was mainly attributable to more rainy days and the influence of typhoon, which resulted in a decreased number of visitors as compared with the corresponding period last year. However, since the average ticket price achieved over 7% increase as compared with the corresponding period last year, coupled with a significant increase in the income from catering and other facilities, the operating income increased by 11% approximately as compared with the corresponding period last year. The continuous introduction of new facilities and programmes also received warm response.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)***Management Discussion and Analysis** *(Continued)***Business Review** *(Continued)*4. *Others*

During the prior periods, the Company has issued 159,800,000 share options according to the existing share option scheme. All these share options have been exercised during the period under review, and the Company has issued 159,800,000 new ordinary shares as a result and obtained proceeds of approximately HK\$47,000,000. In addition, the unlisted warrants issued by the Company in April 2006 were also exercised by certain investors during April 2006 to end of this period, leading to the issuance of 136,180,000 new ordinary shares by the Company and obtained a net proceeds of HK\$73,400,000 (further details are set out in "Capital Structure" below). Since the proceeds were not yet assigned for specific use during the period and therefore were maintained principally as bank balances temporarily, in order to enhance the returns from liquid funds. During the period under review, bank interest rates and exchange rates of Renminbi exhibited upward trend, and the stock market of Hong Kong was also feverish. These coupled with a more proactive investment strategy adopted by the management of the Company, returns of equity investments significantly increased to approximately HK\$11,000,000. Together with the investment provision for the prior period which was realised during the period amounting to approximately HK\$3,101,000, as well as an increase in income from foreign exchange translation and deposit interests, the investment and financial revenue for the period amounted to over HK\$22,000,000, as compared to approximately HK\$3,700,000 of the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Management Discussion and Analysis *(Continued)*

Prospects

Looking forward to the coming year's development, it is expected that the existing business of the Group will sustain stable growth. To increase the attraction and enhance the reputation of the hotel under the listed Group, its management will further decorate and renovate certain villas district and the exterior of main buildings of the hotel, along with gradual improvement in the facilities of the guest rooms, in order to further enhance the image of the hotel. Furthermore, the management started to invite tenders from consultancy firms for the overall formulation work in respect of the planning and transformation of the hotel. The New Yuanming Palace and the Fantasy Water World will consolidate their operations in catering and other sale services to boost the visitors' expenditure. As for marine passenger transportation business, Ferry Company started operating a passenger ferry line traveling between Tuen Mun and Jiuzhou port with Hong Kong North West Express Limited in early November 2006. Ferry Company also actively opens up other new ferry lines to increase its operating revenue. In view of the sustained economic growth in PRC and the vigorous growth in tourism in Zhuhai, the Board of Directors believes that the marine passenger transportation business will maintain steady growth.

Moreover, the Group will continue to explore potential investment opportunities to broaden its profit base, rationalize its internal resources and open up more businesses efficiently with the objective to bring better returns for its shareholders.

To this end, on 30 June 2006, the Group entered into a letter of intent (the "First Intent Letter") with Zhuhai Guoyuan Investment Company Limited ("Zhuhai Guoyuan"). Pursuant to the First Intent Letter, Zhuhai Guoyuan has agreed to grant a first right of acquisition to the Group of several parcels of land leased to the Group upon which certain building structures of the Hotel Business were erected (the "Subject Premises"), and the Group has paid a refundable deposit of RMB78 million (equivalent to approximately HK\$76 million) to Zhuhai Guoyuan. In respect of the First Intent Letter, the parties have entered into a conditional sale and purchase agreement on 29 December 2006. The nature of the transaction is subject to discussion with The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A detailed announcement in relation to the abovementioned transaction will be made by the Company shortly upon clearance by the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)***Management Discussion and Analysis** *(Continued)***Prospects** *(Continued)*

On 5 July 2006, the Group entered into a letter of intent (the "Second Intent Letter") with Zhuhai Municipal State-owned Assets Administration ("珠海市國資委") ("SAA"). Pursuant to the Second Intent Letter, SAA has agreed to grant a first right of acquisition to the Group of certain equity interests in two PRC companies with interests in certain public transportation services, racing circuit, golf club and property development in Zhuhai. In return, the Group has paid refundable deposits in an aggregate amount of RMB72 million (equivalent to approximately HK\$71 million) to SAA. Pursuant to the Second Intent Letter, the deposits will be refunded to the Group should there be no formal legally binding agreements entered into on or before 4 January 2007 (the "Expiry Date"). On 29 December 2006, the Group and SAA entered into an extension agreement (the "Extension Agreement") in respect of the extension of the Expiry Date of the Second Intent Letter. Pursuant to the Extension Agreement, it is agreed that the Expiry Date shall be extended to 4 July 2007. The parties have also agreed that they will not proceed with the negotiation of the proposed acquisition of one of the PRC companies (which principally engaged in public transportation business) but will continue negotiation of the proposed acquisition of the other PRC company (which principally engaged in racing circuit, golf club and property development businesses in Zhuhai) as contemplated under the Second Intent Letter. Under the Extension Agreement, SAA also undertook to procure a qualified valuer in the PRC to carry out a valuation of the equity interests of the relevant PRC company, which will be used as reference for the parties to discuss about the purchase price of the relevant PRC company under the proposed sale and purchase (if it proceeds). The earnest money paid under the Second Intent Letter shall be treated as the earnest money regarding the acquisition of the said PRC company. If the relevant agreement for the proposed sale and purchase is not entered into and the relevant governmental approval for such sale and purchase is not obtained on or before 4 July 2007, SAA shall return to the Group the entire amount of earnest money together with an interest calculated by reference to the Renminbi lending interest rate for the prevailing period as promulgated by the banks in mainland China, which interest will accrue from 5 January 2007 to the date of repayment of the entire earnest money. Please also refer to the press announcement made by the Company on 4 January 2007 for details.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in the PRC. As at 31 October 2006, the Group has no outstanding banking borrowings (30 April 2006: Nil). The Group's cash and bank balances and short term bank deposits as at 31 October 2006 amounted to approximately HK\$144.5 million (30 April 2006: HK\$163.7 million), of which approximately HK\$70.6 million (30 April 2006: HK\$129.4 million) were denominated in Renminbi and the remaining were all in Hong Kong Dollars. In addition, the Group held short term investments in financial instruments of approximately HK\$198.1 million as at 31 October 2006 (30 April 2006: HK\$175.3 million) of which approximately HK\$126 million were denominated in Renminbi (30 April 2006: HK\$166.3 million) and the remaining were all in Hong Kong Dollars (30 April 2006: HK\$9 million). The short term financial instruments comprised mainly investment in very low risk debt instruments, money market funds and Hong Kong listed securities with a view to enhance the Group's return on the surplus working capital. Since the Group has no outstanding banking borrowings as at 31 October 2006 and 30 April 2006 respectively, and based on the total bank borrowings in relation to shareholders' fund, the Group's gearing ratio as at 31 October 2006 and 30 April 2006 respectively was zero.

Contingent Liabilities

As at 31 October 2006, the Group had no significant contingent liabilities.

Future plans for material investments or capital assets

As at 31 October 2006, the Group had no future plans for material investments or capital assets except for those disclosed under the heading "Management Discussion and Analysis — Prospects" as stated aforesaid.

Foreign Exchange Exposure

Most of the businesses of the Group are operated in the Mainland China, and the principal revenues and costs were denominated in Renminbi or Hong Kong Dollars. Therefore, the management believes that there is no need for the Group to make use of financial instruments for hedging purposes.

As the assets and liabilities of the Group are mostly denominated in Renminbi, the management considers that no significant exposure to foreign exchange exists.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION *(Continued)*

Capital Structure

On 4 April 2006, the Company placed 159,800,000 warrants of HK0.55 cent each to certain independent institutional or private investors. Each warrant carries the right to subscribe for one ordinary share of HK\$0.10 each in the Company at a subscription price of HK\$0.55 per share from the date of issue to 3 April 2007.

The net proceeds of approximately HK\$85.6 million, upon full exercise of the subscription rights attaching to the 159,800,000 warrants, will be utilized by the Group for overhaul and medium repair and maintenance and overall planning of the tourist attractions and hotel facilities of the Group.

During the period from 4 April 2006 to 31 October 2006, 136,180,000 ordinary shares of HK\$0.10 each were issued pursuant to the exercise of the Company's warrants for a total cash consideration, before issue expenses, of approximately HK\$74.9 million. The net proceeds arising therefore of approximately HK\$73.4 million were unutilized and therefore were principally placed as cash at bank and short-term deposits temporarily. Out of the 136,180,000 warrants being exercised, 43,178,000 warrants were exercised prior to 30 April 2006.

As at 1 May 2006, the Company had 159,800,000 share options outstanding under the existing share option scheme.

During the period, all share options were exercised for a total cash consideration of approximately HK\$47,141,000 (before issue expenses), and resulting in an issuance of 159,800,000 additional ordinary shares of HK\$0.10 each of the Company.

As at 31 October 2006, the number of issued ordinary shares was 1,094,980,000 shares in aggregate and the shareholders' equity of the Group was approximately HK\$1,092 million.

Material Investment Held, Significant Acquisition and Disposals

During the period, there was no acquisition or disposal of material investment, subsidiary or associated company.

Number and Remuneration of Employees

The number and remuneration of employees of the Group has not changed materially from the information disclosed in the latest annual report for the year ended 30 April 2006.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Share option scheme" and "Directors' interest and short positions in shares and underlying shares" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity"). Eligible participants of the Scheme include the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers, of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The Scheme became effective on 26 September 2002 and, unless otherwise terminated or amended, will remain in force for 10 years.

SHARE OPTION SCHEME *(Continued)*

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company may not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company may not exceed 239,700,000 shares, which represents 10% of the total number of shares in issue as refreshed in the annual general meeting held on 29 October 2004 (i.e. not exceeding 79,900,000 shares in the Company), plus the 159,800,000 share options previously granted. Share options which lapse in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Scheme, save that the total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates under the Scheme must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by the independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon the exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5 million, is subject to prior approval from shareholders in a general meeting.

SHARE OPTION SCHEME *(Continued)*

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon the payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period may not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding at beginning of the period and exercised under the Scheme during the period:

Name or category of participant	Number of share options			Date of grant of share option*	Exercise period of share options	Exercise price	Price of the Company's shares at grant date of options***
	At 1 May 2006	Exercised during the period	At 31 October 2006			of share options**	of options***
						HK\$	HK\$
Directors							
Mr. Zhu Lifu	2,700,000	2,700,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	4,000,000	4,000,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	6,700,000	6,700,000	—				

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options			Date of grant of share option*	Exercise period of share options	Exercise price of share options**	Price of the Company's shares at grant date of options***
	At 1 May 2006	Exercised during the period	At 31 October 2006			HK\$	HK\$
Directors (Continued)							
Mr. Gu Zengcai	2,250,000	2,250,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	3,200,000	3,200,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	5,450,000	5,450,000	—				
Mr. Jin Tao	2,700,000	2,700,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	3,200,000	3,200,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	5,900,000	5,900,000	—				
Mr. Yu Huaguo	2,860,000	2,860,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	3,600,000	3,600,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	6,460,000	6,460,000	—				
Mr. Chen Yonglin	2,700,000	2,700,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	3,200,000	3,200,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	5,900,000	5,900,000	—				

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options			Date of grant of share option*	Exercise period of share options	Exercise price of share options**	Price of the Company's shares at grant date of options***
	At 1 May 2006	Exercised during the period	At 31 October 2006			HK\$	HK\$
Directors (Continued)							
Mr. Wu Hangju	2,700,000	2,700,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	3,200,000	3,200,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	5,900,000	5,900,000	—				
Mr. Liang Han	1,000,000	1,000,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	1,700,000	1,700,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	2,700,000	2,700,000	—				
Mr. Hui Chiu Chung, Stephen	1,000,000	1,000,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	1,700,000	1,700,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	2,700,000	2,700,000	—				
Mr. Chu Yu Lin, David	1,000,000	1,000,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	1,700,000	1,700,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	2,700,000	2,700,000	—				
Subtotal	44,410,000	44,410,000	—				

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options			Date of grant of share option*	Exercise period of share options	Exercise price of share options**	Price of the Company's shares at grant date of options***
	At 1 May 2006	Exercised during the period	At 31 October 2006			HK\$	HK\$
Other employees							
In aggregate	17,070,000	17,070,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	18,700,000	18,700,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	35,770,000	35,770,000	—				
Others							
In aggregate	43,920,000	43,920,000	—	17 April 2003	1 May 2003 to 16 April 2013	0.25	0.26
	35,700,000	35,700,000	—	5 July 2004	23 July 2004 to 4 July 2014	0.34	0.34
	79,620,000	79,620,000	—				
Total	159,800,000	159,800,000	—				

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange's closing price on the trading day immediately prior to the date of grant of the share options.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 October 2006, the interests and short positions of the directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance (the "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 SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code"), were as follows:

Long Positions in shares of the Company

Ordinary Shares of HK\$0.10 each of the Company:

Name of directors	Number of shares directly and beneficially owned
Mr. Zhu Lifu	2,250,000
Mr. Gu Zengcai	1,820,000
Mr. Jin Tao	1,970,000
Mr. Yu Huaguo	2,160,000
Mr. Chen Yonglin	1,970,000
Mr. Wu Hanqiu	1,970,000
Mr. Hui Chiu Chung, Stephen	1,000,000
Mr. Chu Yu Lin, David	2,700,000
	15,840,000

Save as disclosed above, as at 31 October 2006, none of the directors had registered any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 October 2006, the following interests of 5% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Number of ordinary shares directly and beneficially held (Unaudited)	Percentage of the Company's issued share capital (Unaudited)
Zhuhai Jiuzhou Port Group Corporation	235,200,000	21.48%
Pioneer Investment Ventures Limited	337,000,000	30.78%

In accordance with Part XV of the SFO, Zhu Kuan Group Company Limited and Zhu Kuan Company of the Zhuhai SEZ were deemed to be interested in the 337,000,000 shares of the Company held by Pioneer Investment Ventures Limited because:

- Zhu Kuan Group Company Limited (in liquidation) is the immediate holding company of Pioneer Investment Ventures Limited (in provisional liquidation); and
- Zhu Kuan Company of the Zhuhai SEZ is the immediate holding Company of Zhu Kuan Group Company Limited.

The 337 million shares (representing approximately 30.78% equity interest in the Company) held by Pioneer Investment Ventures Limited have been pledged to Longway Services Group Limited, a wholly-owned subsidiary of Zhuhai Jiuzhou Port Group Corporation.

Save as disclosed above, as at 31 October 2006, no person, other than the directors of the Company whose interests are set out in the section "Directors' interest and short positions in shares and underlying shares" above, had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the corporate governance report (the "CG Report") which was published in our Annual Report 2006 dated 24 August 2006, it was reported that the Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") save for certain deviations specified and explained therein. Since the beginning of the period under review, the Group has made the following changes in respect of such deviations:

1. Under Code Provision B.1.4 and C.3.4, the Company should make available the terms of reference of the Remuneration Committee and the Audit Committee respectively on request and by including the information on the Company's website. At present, the Company is in the process of setting up its own website and will post the terms of reference of these two committees on the Company's website once its website is in operation.
2. Under Code Provision E.1.2, the Chairman of the Board should attend the annual general meeting ("AGM"). The Chairman did not attend the 2005 AGM due to other business engagements but he did attend the 2006 AGM of the Company.
3. Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. The Company has deviated from this provision in that the Company's non-executive director and independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation once every three years and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

Save as disclosed above, the Company had complied with the code provisions set out in the CG Code during the six months ended 31 October 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, immediately following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 31 October 2006.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises the three independent non-executive directors and the non-executive director of the Company. The unaudited interim financial report of the Company for the six months ended 31 October 2006 has been reviewed by the audit committee and the Company's auditors, Ernst & Young.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (2005: Nil) for the six months ended 31 October 2006.

By Order of the Board

Zhu Lifu

Chairman

Hong Kong, 12 January 2007