

Travel and Related Services

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.

Securities and Financial Services

Our securities and financial services segment turned around to a profit of HK\$9.1 million for the first half of 2006 as compared with a loss in the corresponding period. Commission income from securities and commodities broking benefited from increase in stock turnover. The income from margin financing activities also increased by 50% mainly due to a number of sizable initial public offers launched in the first half of the year.

Media and Publications

Overall it has been a slow beginning for advertising this year with no notable increase in advertising spending in any particular area within our magazine portfolio. Meanwhile, our results were severely affected by the prolonged investment period of several new titles as well as the rising overheads.

Information and 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.

Agriculture

The agricultural business reported a loss of HK\$2.4 million over the period as compared with a 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 1.11 and a gearing ratio of 10.5% (31 December 2005: 1.17 and 6.7% respectively). The gearing ratio is computed on comparing the Group's total long-term bank borrowings of HK\$161.4 million to total equity of HK\$1,540.7 million. The Group's operations and investments continue to be financed by internal resources and bank borrowings.