GREAT CHINA HOLDINGS LIMITED
大中華集團有限公司

(Incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 0141)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2006

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
ASSETS	*Note*	**30 June 2006**	31 December 2005
		Unaudited	Audited
		HK$'000	HK$'000
			As restated
Non-current assets			
Property, plant and equipment		**10,543**	10,993
Investment properties		**565,474**	565,474
Leasehold land & land use rights		**10,848**	10,856
Interests in associates		**49,156**	48,759
Loan to an associate		**12,868**	8,768
Available-for-sale financial assets		**894**	894
		649,783	645,744
Current assets			
Properties held for sale			
– Leasehold land & land use rights		**5,358**	5,397
– Buildings		**61,318**	58,348
Inventories		**156,171**	46,208
Trade and bills receivables	*6*	**260,926**	80,567
Prepayment, deposit and other receivables	*6*	**65,103**	18,351
Financial assets at fair value through profit or loss		**222**	763
Amount due from an associate		**40,418**	40,710
Bank balances and cash		**24,977**	34,126
		614,493	284,470
Total assets		**1,264,276**	930,214

EQUITY			
Capital and reserves attributable to the **Company's equity holders**			
Share capital		**52,337**	52,337
Other reserves		**21,251**	21,601
Retained earnings			
– Proposed final dividend		**–**	2,617
– Others		**438,761**	422,710
Total equity		**512,349**	499,265
LIABILITIES			
Non-current liabilities			
Borrowings, secured – non-current portion		**162,524**	153,469
Deferred tax liabilities		**68,856**	68,315
		231,380	221,784
Current liabilities			
Trade and bills payables	*7*	**189,275**	74,824
Other payables and accrued expenses	*7*	**240,154**	85,454
Rental deposits received	*7*	**4,154**	4,589
Current income tax liabilities		**–**	1,204
Borrowings, secured – current portion		**86,964**	43,094
		520,547	209,165
Total liabilities		**751,927**	430,949
Total equity and liabilities		**1,264,276**	930,214
Net current assets		**93,946**	75,305
Total assets less current liabilities		**743,729**	721,049

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2006	2005
	Note	***HK$'000***	*HK$'000*
			As restated
Sales	*2*	**777,623**	948,555
Cost of goods sold		**(676,561)**	(784,816)
Gross profit		**101,062**	163,739
Selling expenses		**(69,612)**	(136,784)
Administrative expenses		**(12,982)**	(12,858)
Other gains, net	*8*	**2,644**	5,908
Operating profit	9	**21,112**	20,005
Finance costs		**(4,946)**	(2,311)
		16,166	17,694
Share of profit/(loss) of associates		**426**	(4,798)
Profit before income tax		**16,592**	12,896
Income tax expense	*3*	**(541)**	(2,007)
Profit for the period		**16,051**	10,889
Attributable to:			
Equity holders of the Company		**16,051**	11,056
Minority interest		**–**	(167)
		16,051	10,889
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	*4*	**6.13 cents**	4.22 cents
– diluted	*4*	**6.13 cents**	4.22 cents
Dividend	*5*	**2,617**	2,617

1. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005, as described in the annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006.

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures";
- Amendment to HKAS 21, Amendment "Net investment in a foreign operation";
- Amendment to HKAS 39, Amendment "The fair value option";
- Amendment to HKAS 39, Amendment "Cash flow hedge accounting of forecast intragroup transactions";
- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial guarantee contracts";
- HKFRS 6, "Exploration for and evaluation of mineral resources";
- HK(IFRIC)-Int 4, "Determining whether an arrangement contains a lease";
- HK(IFRIC)-Int 5, "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds"; and
- HK(IFRIC)-Int 6, "Liabilities arising from participating in a specific market – waste electrical and electronic equipment".

The adoption of the above has no material impact to the condensed consolidated financial information of the Group, except as follows:

The adoption of Amendment to HKAS 39, Amendment "The fair value option" has restricted the circumstances in which a financial asset or liability may be designated as at fair value through profit or loss and has resulted in a change in accounting policy relating to the recognition of financial asset at fair value through profit or loss. The change in accounting policy has been made in accordance with the transitional provisions in the standards. The date of de-designation of financial asset at fair value through profit or loss is deemed to be its date of initial recognition, which is 1 January 2005. At the date of de-designation, the fair value of the financial asset at fair value through profit or loss was approximately HK$862,000.

The adoption of Amendment to HKAS 39 resulted in an increase in retained earnings and a decrease in available-for-sale financial assets revaluation reserve at 1 January 2005 by approximately HK$2,008,000 and the details of the adjustments to the balance sheet at 30 June 2006 and 31 December 2005 and income statement for the six months ended 30 June 2006 and 30 June 2005 and for the year ended 31 December 2005 are as follows:

	As at 30 June 2006	31 December 2005
	HK$'000	*HK$'000*
Decrease in financial assets at fair value through profit or loss	**894**	894
Increase in available-for-sale financial assets	**894**	894
Increase in retained earnings	**1,976**	1,976
Decrease in available-for-sale financial assets revaluation reserve	**1,976**	1,976

	For the year ended 31 December 2005	**For the six months ended 30 June 2006**	For the six months ended 30 June 2005
	HK$'000	***HK$'000***	*HK$'000*
Decrease in fair value gains on financial assets at fair value through profit or loss	32	**–**	222
Increase in basic and diluted earnings per share (HK$)	0.00012	**–**	0.00085

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- Amendment to HKAS 1, Amendment "Capital Disclosures";
- HKFRS 7, "Financial instruments: Disclosures";
- HK(IFRIC)-Int 7, "Applying the Restatement Approach under HKFRS 29";
- HK(IFRIC)-Int 8, "Scope of HKFRS 2"; and
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives".

The management is currently assessing the impact of these new standards, amendments to standards and interpretations on the Group's operations.

2. Segment information

Primary reporting format – business segments

At 30 June 2006, the Group is organised on a worldwide basis into two main business segments:

(1) General trading – trading of animal feed (mainly fishmeal and tapioca chips); and

(2) Property investment – rental income from investment properties, sale proceeds of properties held for sale and provision of real estate agency services.

Turnover consists of sales from general trading and income from property investment segments, which are HK$777,623,000 and HK$948,555,000 for the six months ended 30 June 2006 and 2005 respectively.

There are no sales or other transactions between the business segments.

Unallocated costs represent corporate expenses, including gains and losses of derivative financial instruments held for trading.

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, investment properties, properties held for sale, inventories, receivables and operating cash. They exclude investments.

Segment liabilities comprise operating liabilities. They exclude items such as income tax liabilities, deferred income tax liabilities and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties and leasehold land and land use rights.

Secondary reporting format – geographical segments

The Group operates in three main geographical areas:

Hong Kong	–	rental income from investment properties
Mainland China	–	trading of animal feed, rental income from investment properties, sale of properties held for sale and provision of real estate agency services
Other countries	–	trading of animal feed and sale of properties held for sale

There are no sales or other transactions between the geographical segments.

Sales are allocated based on the countries in which customers are located.

Total assets are allocated based on where the assets are located.

Capital expenditure is allocated based on where the assets are located.

	General trading 2006 *HK$'000*	Property investment 2006 *HK$'000*	GROUP 2006 *HK$'000*
The segment results for the six months ended 30 June 2006 are as follows:			
Sales	**767,034**	**10,589**	**777,623**
Segment results	**13,947**	**6,226**	**20,173**
Unallocated corporate expenses			**939**
Operating profit			**21,112**
Finance costs			**(4,946)**
Share of profit of associates		**426**	**426**
Profit before income tax			**16,592**
Income tax expense			**(541)**
Profit for the period			**16,051**
Other segment terms included in the condensed consolidated income statement are as follows:			
Depreciation of property, plant and equipment	**57**	**464**	**521**
Amortisation of leasehold land and land use rights	**–**	**8**	**8**
Amortisation of properties held for sale – leasehold land and land use rights	**–**	**39**	**39**
Impairment of trade and bills receivables	**1,872**	**–**	**1,872**
Write-down to net realisable value of inventories	**2,566**	**–**	**2,566**
Fair value gains on investment properties	**–**	**–**	**–**
The segment assets and liabilities at 30 June 2006 and capital expenditure for the period then ended are as follows:			
Segment assets	**496,155**	**646,577**	**1,142,732**
Interests in associates		**49,156**	**49,156**
Unallocated assets			**72,388**
Total assets			**1,264,276**
Segment liabilities	**456,227**	**136,737**	**592,964**
Unallocated liabilities			**158,963**
Total liabilities			**751,927**
Capital expenditure	**16**	**55**	**71**

	General trading 2005 *HK$'000*	Property investment 2005 *HK$'000*	GROUP 2005 *HK$'000*
The segment results for the six months ended 30 June 2005 are as follows:			
Sales	925,475	23,080	948,555
Segment results	9,245	13,750	22,995
Unallocated corporate expenses			(2,990)
Operating profit			20,005
Finance costs			(2,311)
Share of loss of associates		(4,798)	(4,798)
Profit before income tax			12,896
Income tax expense			(2,007)
Profit for the period			10,889
Other segment terms included in the condensed consolidated income statement are as follows:			
Depreciation of property, plant and equipment	16	576	592
Amortisation of leasehold land and land use rights	–	17	17
Amortisation of properties held for sale – leasehold land and land use rights	–	42	42
Impairment charge of leasehold land and land use rights	–	104	104
Impairment charge of properties held for sale-buildings	–	800	800
Impairment of trade and bills receivables	500	–	500
Write-down to net realisable value of inventories	2,645	–	2,645
Fair value gains on investment properties	–	8,124	8,124
The segment assets and liabilities at 31 December 2005 and capital expenditure for the six months ended 30 June 2005 are as follows:			
Segment assets	170,245	691,287	861,532
Interests in associates		48,759	48,759
Unallocated assets			19,923
Total assets			930,214
Segment liabilities	145,859	122,188	268,047
Unallocated liabilities			162,902
Total liabilities			430,949
Capital expenditure	–	365	365

Secondary reporting format – geographical segments

	GROUP Unaudited 30 June 2006			
	Sales *HK$'000*	**Segment results** *HK$'000*	**Capital expenditure** *HK$'000*	**Total assets** *HK$'000*
Hong Kong	**6,713**	**6,125**	**32**	**414,248**
Mainland China	**746,499**	**12,538**	**39**	**791,676**
Other countries	**24,411**	**1,513**	**–**	**9,196**
	777,623	**20,176**	**71**	**1,215,120**
Unallocated corporate expenses		**936**		
Operating profit		**21,112**		
Interests in associates				**49,156**
Total assets				**1,264,276**

	GROUP Unaudited For the six months ended 30 June 2005			Audited 31 December 2005
	Sales *HK$'000*	Segment results *HK$'000*	Capital expenditure *HK$'000*	Total assets *HK$'000*
Hong Kong	6,694	14,662	7	414,758
Mainland China	932,806	8,286	358	457,891
Other countries	9,055	47	–	8,806
	948,555	22,995	365	881,455
Unallocated corporate expenses		(2,990)		
Operating profit		20,005		
Interests in associates				48,759
Total assets				930,214

	Unaudited For the six months ended	
	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
Analysis of sales by category		
Sales of goods	**767,034**	925,475
Sales of properties	**–**	12,468
Rental income from investment properties	**10,375**	10,394
Agency fee income	**214**	218
	777,623	948,555

3. Income tax expense

No provision for Hong Kong profits tax has been made in the accounts as companies within the Group have no assessable profit for both periods. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Unaudited For the six months ended	
	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
Current overseas taxation	**–**	263
Deferred income tax	**541**	1,744
	541	2,007

Share of associated companies' taxation charge for the six months ended 30 June 2006 of HK$284,033 (2005: taxation credit of HK$1,972,000) are included in the income statement as share of profits of associated companies.

4. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited For the six months ended	
	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**16,051**	11,056
Weighted average number of ordinary shares in issue (thousands)	**261,685**	261,685
Basic earnings per share (HK$ per share)	**0.0613**	0.0422

Diluted

Diluted earnings per share are the same as the basic earnings per share since the Company has no dilutive potential ordinary share.

5. Dividend

	Unaudited For the six months ended 30 June 2006 HK$'000	30 June 2005 HK$'000
Interim dividend proposed of HK$0.01 (2005: HK$0.01) per ordinary share	**2,617**	2,617

(a) At a meeting held on 28 March 2006, the directors proposed a final dividend of HK$0.01 per ordinary share for the year ended 31 December 2005, which was paid on 25 May 2006 and has been reflected as an appropriation of retained earnings for the six months ended 30 June 2006.

(b) At a meeting held on 22 September 2006, the directors declared an interim dividend of HK$0.01 per ordinary share for the year ending 31 December 2006. This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2006.

6. Trade and other receivables

	As at 30 June 2006 Unaudited HK$'000	31 December 2005 Audited HK$'000
Trade receivables	**29,893**	22,193
Bills receivable	**234,768**	60,237
Less: provision for impairment of receivables	**(3,735)**	(1,863)
Trade and bills receivables – net	**260,926**	80,567
Prepayments	**65,103**	17,762
Other receivables	**–**	589
	65,103	18,351
	326,029	98,918

The majority of the Group's sales are on letter of credit. At 30 June 2006 and 31 December 2005, the ageing analysis of the trade and bills receivables were as follows:

	As at 30 June 2006 Unaudited HK$'000	31 December 2005 Audited HK$'000
Less than 30 days	**243,980**	79,949
30 – 60 days	**15,490**	10
60 – 90 days	**61**	9
Over 90 days	**1,395**	599
	260,926	80,567

There is no concentration of credit risk with respect to trade and bills receivables, as the majority of the Group's trade and bills receivables are on letter of credit.

Certain subsidiaries of the Group transferred bills receivable balances amounting to approximately HK$27,223,000 to banks in exchange for cash at 30 June 2006 (31 December 2005: HK$16,474,000). The transaction has been accounted for as collateralised borrowings.

The Group has recognized a loss of HK$1,872,000 (2005: HK$500,000) for the impairment of its trade and bills receivables during the six months ended 30 June 2006. The loss has been included in selling expenses in the income statement.

7. Trade and other payables

	As at	
	30 June 2006	31 December 2005
	Unaudited	Audited
	HK$'000	*HK$'000*
Trade and bills payables	**189,275**	74,824
Other payables and accured expenses	**240,154**	85,454
Rental deposits received	**4,154**	4,589
	433,583	164,867

At 30 June 2006 and 31 December 2005, the ageing analysis of the trade and bills payables were as follows:

	As at	
	30 June 2006	31 December 2005
	Unaudited	Audited
	HK$'000	*HK$'000*
Less than 30 days	**170,372**	74,398
30 – 60 days	**17,029**	28
61 – 90 days	**98**	–
Over 90 days	**1,776**	398
	189,275	74,824

8. Other gains net

	Unaudited For the six months ended **30 June 2006** ***HK$'000***	 30 June 2005 *HK$'000* As restated
Fair value gains on investment properties	**–**	8,124
Interest income	**2,756**	557
Gain on foreign exchange forward contracts	**–**	1,834
Other financial assets at fair value through profit or loss:		
– fair value losses (unrealised) – current assets	**–**	(4)
– fair value gains (realised)	**99**	33
Net foregin exchange gains	**624**	159
Loss on sale of property, plant and equipment	**–**	(22)
Write-down to net realisable value of inventories	**(2,566)**	(2,645)
Others	**1,731**	(2,128)
	2,644	5,908

9. Operating profit

Operating profit is stated after charging the following:

	Unaudited For the six months ended **30 June 2006** ***HK$'000***	 30 June 2005 *HK$'000* As restated
Depreciation of property, plant and equipment	**521**	592
Amortisation of leasehold land and land use rights	**8**	17
Amortisation of properties held for sale		
–leasehold land and land use rights	**39**	42
Impairment of leasehold land and land use rights	**–**	104
Impairment charge of properties held for sale-buildings	**–**	800
Impairment of trade and bills receivables	**1,872**	500
Employee benefit expense (excluding directors' emoluments)		
– wages and salaries	**7,638**	4,896
– retirement benefit costs – defined contribution plan	**87**	24
Freight charges	**59,520**	123,113
Direct operating expenses arising from investment properties that generate rental income	**1,212**	1,898

10. Subsequent Events

A subsidiary of the Group entered into an agreement in May for the sale of an investment property at a consideration of HK$13,500,000. The transaction was completed on 14 July 2006.

After the balance date, another subsidiary entered into an agreement for the purchase of the remaining interest in a 95% owned subsidiary at a consideration of US$2,860,000. The transaction was completed on 22 August 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors ("the Board") of Great China Holdings Limited ("the Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, "the Group") for the six months ended 30 June 2006. The results have been reviewed by the Company's audit committee.

The Group's turnover for the six months ended 30 June 2006 was approximately HK$777,623,000, representing a drop of about 18.02% from the same period in 2005. In spite of the substantial drop in turnover, the Group's fishmeal business still made a very positive contribution. The Group's net profit for the six months ended 30 June 2006 was approximately HK$16,051,000, representing a rise of around 47.41% from the same period last year.

BUSINESS REVIEW

General Trading

The fishmeal prices maintained their upward trend in the first quarter of 2006. The rise in prices gathered momentum towards the end of March. We saw a rapid upsurge throughout April and May, resulting in an aggregate increase in imported fishmeal prices of around 40% in just two months. Quite clearly, the market had become more volatile at higher price levels.

The phenomenal rise in prices was linked apparently to a perceived shrinkage in the global supply of fishmeal. On 20 April 2006, the relevant Peruvian authority announced that the anchovy fishing quota for the March to July period would be three million metric tons. The announced quota was substantially less than what had been expected. The fishmeal prices, already at their record highs, were further boosted by the reduced fishing quota.

On the demand side, as an attempt to counter-act the sharp rise in fishmeal prices, the end consumers in China tried all possible ways to reduce the use of fishmeal. We view this as a major cause for the drop in the Group's turnover. Also, because of the reduction in demand, we expect that the volume of fishmeal imported to China will go down in 2006.

For tapioca chips, the prices were relatively stable in the first half of 2006, despite some fluctuations in the exchange rate of the Thai baht. Due to fierce market competition, this sector did not contribute much to the Group's results. Nevertheless, we managed to keep the market share that we greatly expanded last year.

Oil prices went up in the first half of 2006, but sea freight was not agitated and remained at a low level throughout the period, though some minor ups and downs had been noted. The effect of fluctuations in sea freight on the results of our trading sector was negligible during the period under review.

Property Investment in Hong Kong

As detailed in the circular to shareholders dated 20 June 2006, our Group entered into an agreement in May for the sale of a property in Lantau Island. The transaction was completed in July 2006.

During the first half of 2006, the Group renewed or replaced the tenancy agreements of some of its investment properties at rental levels comparable to those of the corresponding old agreements. This was in line with the general trend. No significant rise or drop in Hong Kong's property market was noted during the first half of 2006.

Property Investment in PRC

The economy of China remained vigorous in the first half of 2006. The GDP for the second quarter was 11.3% better than that of 2005. Some worries about the economy turning overheated were heard again. The Central Government continued to monitor and handle the situation with care. The People's Bank raised lending rates first in April and again in July 2006.

The property market in Shanghai was relatively stable during the first half of 2006. The Group's investment properties there continued to provide a steady source of rental income, as they are all located inside the inner circle of the city where demand remains strong.

PROSPECTS

General Trading

After the rapid rise in April and May, the prices of imported fishmeal have consolidated gradually for nearly three months. By the end of August, the prices were about 20% below their record highs. The price adjustment, however, was considered insufficient by many of the end consumers in China. Most buyers, including distributors, were reluctant to enter into the market at such price levels.

It seems that the high prices have shifted the balance between supply and demand. As a consequence of shrinkage in transactions in the fishmeal market, we anticipate that the turnover of our fishmeal business in 2006 will be lower than that of 2005 in terms of tonnage. Despite such adverse market conditions, we did not see any significant drop in our market share in the first half year. We are confident that, for the year 2006 as a whole, the fishmeal business of the Group will maintain its market share and will contribute positively to the Group's results.

Property Investment

After seventeen consecutive rises of 0.25% each, the US Federal Reserve decided to leave the federal funds rate intact in its August and September meetings. Whilst some analysts viewed this as a hint that the US Federal Reserve was approaching the end of its two-year tightening cycle, others still worried that inflationary pressure would force the US Federal Reserve to further raise interest rates in the near future.

The views on the direction of the interest rate in China are less divided. Most analysts believe that the People's Bank will continue to raise rates to cool down the economy, as a precaution to prevent it from turning overheated.

Since the end of June, the Group has concluded agreements for the renewal or replacement of some tenancies that expired after the half-year end date. Currently, all our investment properties in Hong Kong are leased out at market rates.

On 24 July 2006, the Ministry of Construction, the Ministry of Commerce, the National Development and Reform Commission, the People's Bank of China, the State Administration of Industry and Commerce and the State Administration of Foreign Exchange jointly issued a document (hereafter referred to as "Document No 171") containing new proposals to regulate foreign investment in China's real estate sector. The proposals included an increase in the ratio of registered capital in property developers' overall investment and restrictions on residential property purchases by foreign institutions and individuals.

Taken into consideration the possible effects of the restrictions imposed by Document No 171 on the purchases of residential properties by foreigners, the Group has decided to restructure its China property portfolio by disposing the residential properties and concentrating more on the commercial and/or retail properties.

In Shanghai, we are finalizing details of the marketing plan for upper floors of Merry Tower. Sales of these apartments will be launched in the near future. Due to the possible effects of Document No 171, we may not be too aggressive in pricing the apartments and we anticipate that it may take some time to locate suitable buyers, Nevertheless, the apartments will still contribute positively to the Group's results because they were purchased at a very modest price.

In line with our policy of switching from residential to commercial properties, we are also changing one of our investment properties in Shanghai from serviced apartments to commercial use. We expect that, after the change, the property will provide the Group with a steadier source of rental income, and a better return on capital.

We are optimistic about the long term growth of China. We believe our investments in properties will benefit from such growth. The Group will continue to search in Shanghai and Hong Kong for commercial and/or retail properties in good locations with higher yields and better potential for future capital appreciation.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2006, the long term bank borrowings and the non-current assets of the Group amounted respectively to approximately HK$162,524,000 (31 December 2005: HK$153,469,000) and HK$649,783,000 (31 December 2005: HK$645,744,000), and the percentage of the former to the latter was 25.05% (31 December 2005: 23.77%).

The Group's borrowings were denominated in HK dollars, US dollars and Renminbi. As at 30 June 2006, the Group's utilized banking facilities amounted to approximately HK$673,571,000 (31 December 2005: HK$366,978,000), and the Group has available but not yet utilized banking facilities amounting to approximately HK$71 million (31 December 2005: HK$239 million). The aforesaid utilized and available facilities were secured by the following pledged assets: certain leasehold land and land use rights with an aggregate book value of HK$10,546,000 (31 December 2005: HK$10,552,000), property, plant and equipment of HK$6,086,000 (31 December 2005: HK$6,188,000), investment properties of HK$563,906,000 (31 December 2005: HK$563,906,000), properties held for sale of HK$57,217,000 (31 December 2005: HK$54,632,000).

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

At a meeting held on 22 September 2006, the directors declared an interim dividend of HK$0.01 per share (2005: HK$0.01) payable on or about 26 October 2006 to the shareholders of the Company whose names are on the register of members on 12 October 2006.

The register of members of the Company will be closed from 10 October 2006 to 12 October 2006, both dates inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Abacus Share Registrars Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, no later than 4:30 pm on 9 October 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period under review.

The Company adopts as its own code of conduct regarding directors' securities transactions the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") as set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard contained in the Model Code regarding directors' securities transactions.

On behalf of the Board
John Ming Tak HO
Managing Director

Hong Kong, 22 September 2006

The directors of the Company as at the date of this announcement are: Mr Rustom Ming Yu HO (Chairman), Mr John Ming Tak HO (Managing Director) and Mr Kwok Wai POON as Executive Directors; and Mr Lawrence Kam Kee YU BBS MBE JP, Mr David Hon To YU and Mr Hsu Chou WU as Independent Non-executive Directors.

Please also refer to the published version of this announcement in China Daily.