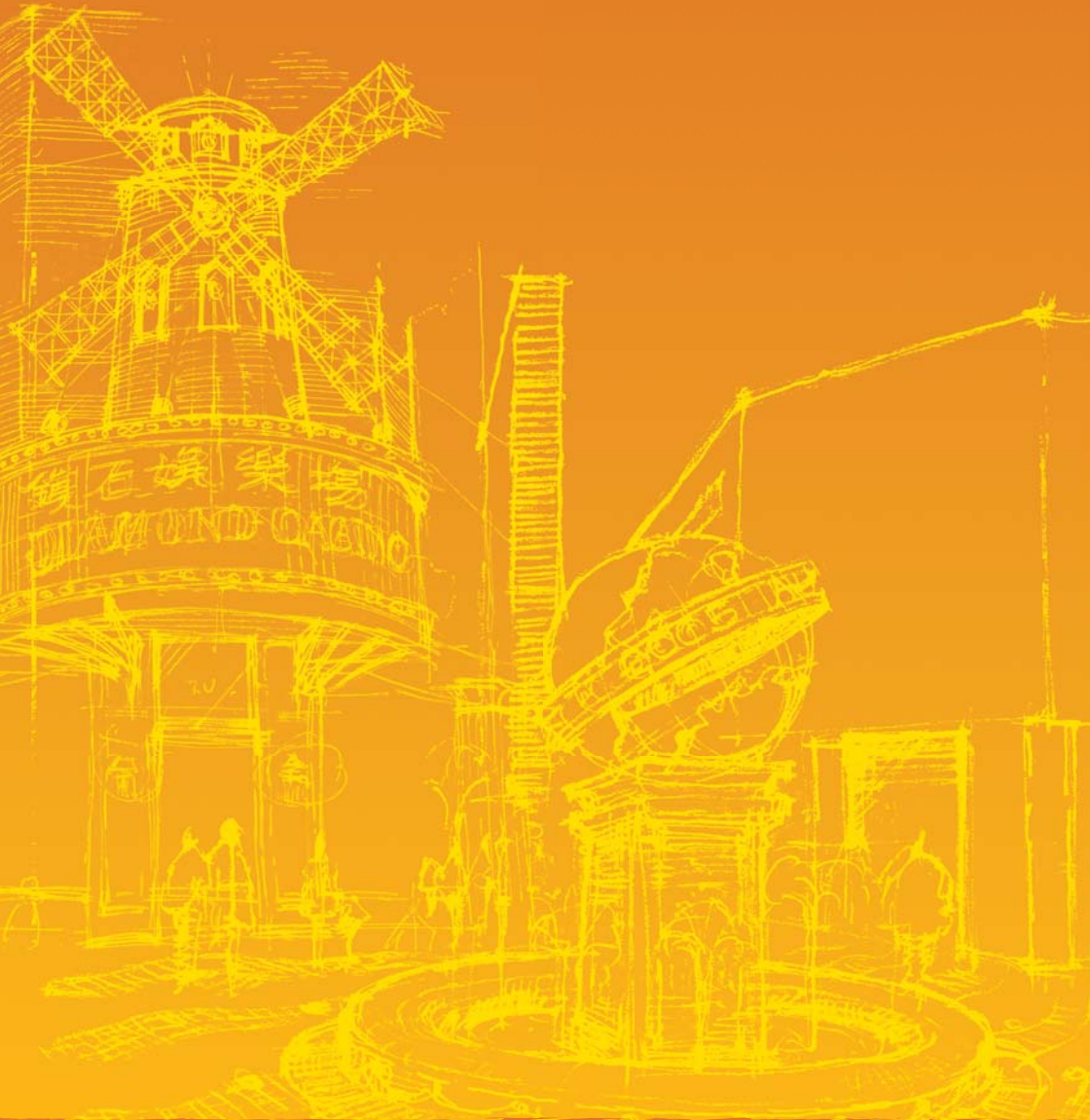




Century Legend (Holdings) Limited
世紀建業(集團)有限公司





SECTION A: CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsang Chiu Mo Samuel
(Executive Chairman)

Ms. Chu Ming Tak Evans Tania
Mr. Tsang Chiu Ching

Independent Non-executive Directors

Mr. Yu Yun Kong
Mr. Hui Yan Kit
Mr. Hung Sui Kwan

AUDIT COMMITTEE

Mr. Yu Yun Kong (Chairman)
Mr. Hui Yan Kit
Mr. Hung Sui Kwan

REMUNERATION COMMITTEE

Mr. Hui Yan Kit (Chairman)
Mr. Yu Yun Kong
Mr. Hung Sui Kwan

NOMINATION COMMITTEE

Mr. Hung Sui Kwan (Chairman)
Mr. Yu Yun Kong
Mr. Hui Yan Kit

COMPANY SECRETARY

Ms. Sze Tak On

LEGAL ADVISERS

Chiu, Szeto & Cheng Solicitors
Bosco Tso & Partners Solicitors

AUDITORS

Grant Thornton
Certified Public Accountants

BANKERS

The Bank of East Asia Limited
DBS Bank (Hong Kong) Limited
Liu Chong Hing Bank Limited

SHARE REGISTRARS

Principal Share Registrars

Butterfield Corporate Services Limited
Rosebank Centre,
14 Bermudiana Road, Pembroke
Bermuda

Hong Kong Branch Share Registrars and Transfer Office

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong

REGISTERED OFFICE

Clarendon House, Church Street,
Hamilton, HM 11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2708-11, 27th Floor,
West Tower, Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

STOCK CODE

0079



SECTION B: INTERIM RESULTS

The board of directors (the "Board") of Century Legend (Holdings) Limited (the "Company") is hereby to present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005. The unaudited consolidated results has been reviewed by the Audit Committee of the Company.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

| | Notes | Six months ended 30 June | |
|----------------------------------|-------|---------------------------------|---------------------------------|
| | | 2005 (Unaudited) HK\$'000 | 2004 (Unaudited) HK\$'000 |
| Turnover | 3 | 26,531 | 68,127 |
| Cost of sales | | (19,948) | (61,600) |
| Gross profit | | 6,583 | 6,527 |
| Other revenues | | 4,099 | 3,879 |
| Administrative expenses | | (14,958) | (12,652) |
| Other operating expenses | | (47) | (2,216) |
| Gain on disposal of a subsidiary | | - | 20 |
| Loss from operations | 4 | (4,323) | (4,442) |
| Finance costs | 5 | (48) | (620) |
| Share of profit of an associate | | 1,037 | 7,128 |
| (Loss)/Profit before taxation | | (3,334) | 2,066 |
| Taxation | 6 | - | - |
| (Loss)/Profit for the period | | (3,334) | 2,066 |
| Attributable to: | | | |
| Equity holders of the Company | | (3,334) | 4,245 |
| Minority interests | | - | (2,179) |
| | | (3,334) | 2,066 |
| Basic (loss)/earnings per share | 8 | HK(0.15) cents | HK0.21 cents |



II. CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

| | Notes | As at 30 June 2005 (Unaudited) HK\$'000 | As at 31 December 2004 (Audited) HK\$'000 |
|---|-------|---|---|
| NON-CURRENT ASSETS | | | |
| Goodwill | | 600 | 600 |
| Property, plant and equipment | 9 | 3,855 | 4,536 |
| Interest in associates | | 14,843 | 14,843 |
| Available-for-sale financial assets | 10 | 35,076 | 35,047 |
| Loans receivable | 11 | 673 | 679 |
| Advance to an investee company | | 4,000 | 4,000 |
| | | 59,047 | 59,705 |
| CURRENT ASSETS | | | |
| Inventories | | 3,756 | 446 |
| Financial assets at fair value through profit and loss | | 73 | 105 |
| Trade and other receivables | 12 | 46,639 | 12,423 |
| Loans receivable, current portion | 11 | 582 | 21,276 |
| Cash at bank and in hand | 13 | 36,022 | 46,782 |
| | | 87,072 | 81,032 |
| CURRENT LIABILITIES | | | |
| Trade payables | 14 | 30,852 | 7,940 |
| Other payables and accruals | | 4,839 | 19,507 |
| Deferred income | | 3,432 | 2,989 |
| | | 39,123 | 30,436 |
| NET CURRENT ASSETS | | | |
| | | 47,949 | 50,596 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 106,996 | 110,301 |
| NON-CURRENT LIABILITIES | | | |
| Convertible notes | 15 | – | 42,000 |
| | | 106,996 | 68,301 |
| CAPITAL AND RESERVES | | | |
| Share capital | 16 | 22,050 | 20,650 |
| Reserves | | 84,946 | 47,651 |
| Total equity attributable to equity holders of the Company | | | |
| | | 106,996 | 68,301 |



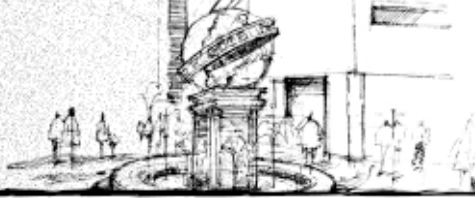
III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005 (Unaudited)

| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Revaluation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|---|------------------------------|------------------------------|--------------------------------|------------------------------------|-----------------------------------|-------------------|
| At 1 January 2005 | | | | | | |
| As previously reported | 20,650 | 40,098 | 146,189 | - | (138,636) | 68,301 |
| First adoption of HKAS 39 | - | - | - | - | 37 | 37 |
| | <u>20,650</u> | <u>40,098</u> | <u>146,189</u> | <u>-</u> | <u>(138,599)</u> | <u>68,338</u> |
| Issue of new shares by conversion of convertible notes | 1,400 | 40,600 | - | - | - | 42,000 |
| Loss for the period | - | - | - | - | (3,334) | (3,334) |
| Decrease in fair value of available-for-sale financial assets for the period | - | - | - | (8) | - | (8) |
| At 30 June 2005 | <u>22,050</u> | <u>80,698</u> | <u>146,189</u> | <u>(8)</u> | <u>(141,933)</u> | <u>106,996</u> |

For the six months ended 30 June 2004 (Unaudited)

| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Revaluation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|-----------------------|------------------------------|------------------------------|--------------------------------|------------------------------------|-----------------------------------|-------------------|
| At 1 January 2004 | 20,650 | 40,098 | 146,189 | - | (141,156) | 65,781 |
| Profit for the period | - | - | - | - | 4,245 | 4,245 |
| At 30 June 2004 | <u>20,650</u> | <u>40,098</u> | <u>146,189</u> | <u>-</u> | <u>(136,911)</u> | <u>70,026</u> |



IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2005 | 2004 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash outflow from operating activities | (10,396) | (20,611) |
| Net cash outflow from investing activities | (364) | (23,900) |
| Net cash inflow from financing activities | - | 45,000 |
| (Decrease)/Increase in cash and cash equivalents | (10,760) | 489 |
| Cash and cash equivalents at 1 January | 46,782 | 43,584 |
| Cash and cash equivalents at 30 June | 36,022 | 44,073 |
| Analysis of balance of cash and cash equivalents: | | |
| Bank balances and cash | 36,022 | 44,073 |



V. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

These interim financial reports has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2004 annual financial statement. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Report Standards (HKFRSs, which term collectively includes HKASs and Interpretations).

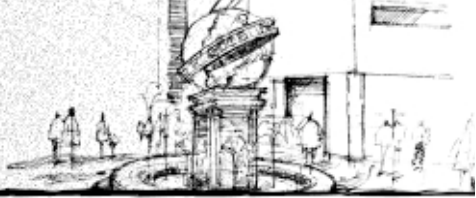
The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2004 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 are available from the Company's registered office.

2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair value.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2004, except as described below.



The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2005 which have been reflected in this interim financial report.

(a) Amortisation of positive and negative goodwill (HKFRS 3 "Business combinations" and HKAS 36 "Impairment of assets")

In prior years:

- positive goodwill arising from acquisitions before 1 January 2001 was eliminated against reserves and is reduced by impairment losses recognized in the consolidated income statement;
- positive goodwill arising from acquisitions on or after 1 January 2001 was amortised to the consolidated income statement on a straight-line basis over 20 years. Positive goodwill was stated in the consolidated balance sheet at cost less accumulated amortisation and any impairment losses;
- negative goodwill arising from acquisitions before 1 January 2001 was credited to a capital reserve; and
- negative goodwill which arose from acquisitions on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it is related to identified expected future losses as at the date of acquisition. In such cases it was recognized in the consolidated income statement as those expected losses were incurred.



With effect from 1 January 2005, in order to comply with HKFRS 3 and HKAS 36, the Group adopted a new accounting policy for goodwill. The Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

With effect from 1 January 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the consolidated income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangement under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as at 1 January 2005 has been offset against the cost of goodwill and no amortisation charge for goodwill has been recognised in the income statement for the six months ended 30 June 2005. This has increased the Group's profit after tax for the six months ended 30 June 2005 by HK\$535,000.

Also in accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken into reserve (i.e. goodwill which arose before 1 January 2001) will not be recognised in the consolidated income statement on disposal or impairment of the acquired business, or under any other circumstances.

The change in policy relating to negative goodwill had no effect on the interim financial report as there was no negative goodwill deferred as at 31 December 2004.

- (b) Financial instruments (HKAS 32 "Financial instruments: Disclosure and presentation" and HKAS 39 "Financial instruments: Recognition and measurement")

In prior years, the accounting policies for certain financial instruments were as follows:

- equity investments held on a continuing basis for an identifiable long-term purpose were classified as investment securities and stated at cost less provision;
- other non-current investments were stated at fair value with changes in fair value recognised in the income statement;



With effect from 1 January 2005, and in accordance with HKAS 39, all non-trading investments are classified as available-for-sale financial assets and carried at fair value. Changes in fair value are recognised in equity, unless there is objective evidence that an individual investment has been impaired. If there is objective evidence that an individual investment has been impaired, any amount held in the fair value reserve in respect of the investment is transferred to the income statement for period in which the impairment is identified. Any subsequent increase or decrease in the fair value of available-for-sale financial assets is recognised directly in equity.

This change was adopted by way of an adjustment to the opening balance of accumulated losses as at 1 January 2005. Comparative amounts have not been restated nor has the opening balance of the fair value reserve been restated as this is prohibited by the transitional arrangements in HKAS 39.

The effect of adopting HKAS 39 was to decrease the consolidated accumulated losses as at 1 January 2005 by approximately HK\$37,000. As at 30 June 2005, the fair value of the available-for-sale financial asset decreased by approximately HK\$8,000 as compared to that on 1 January 2005.

3. Segment Information

The Group is principally engaged in travel and gaming related business, provision of health and beauty services, money lending business, provision of stock broking service and trading business. An analysis of the Group's revenues and results for the period by principal activities is as follows:

| | Six months ended 30 June 2005 (Unaudited) | | | | | |
|--------------------------------------|---|----------------------------------|------------------|------------------|------------|----------------|
| | Travel and gaming related business | Health and beauty services | Money lending | Stock broking | Trading | Group |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover | 11,729 | 12,483 | 1,133 | 668 | 518 | 26,531 |
| Segment results (profit/(loss)) | 855 | (2,023) | 1,454 | 39 | 78 | 403 |
| Unallocated revenues | | | | | | 420 |
| Unallocated costs | | | | | | (5,194) |
| Share of profit of an associate | | | | | | 1,037 |
| Loss attributable to shareholders | | | | | | (3,334) |



Six months ended 30 June 2004 (Unaudited)

| | Travel and gaming related business HK\$'000 | Health and beauty services HK\$'000 | Money lending HK\$'000 | Stock broking HK\$'000 | Trading HK\$'000 | Group HK\$'000 |
|--|---|--|------------------------------|------------------------------|---------------------|-------------------|
| Turnover | 55,392 | 10,093 | 1,770 | 466 | 406 | 68,127 |
| Segment results (profit/(loss)) | 545 | (3,763) | 1,359 | (596) | (215) | (2,670) |
| Unallocated revenues | | | | | | 1,581 |
| Unallocated costs | | | | | | (3,993) |
| Gain on disposal of a subsidiary | | | | | | 20 |
| Share of profit of an associate | | | | | | 7,128 |
| Minority interests | | | | | | 2,179 |
| Profit attributable to shareholders | | | | | | 4,245 |

No geographical analysis is presented as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group were attributable to markets outside Hong Kong.

4. Loss from Operations

Loss from operations is stated after crediting/charging the following:

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2005 (Unaudited) HK\$'000 | 2004 (Unaudited) HK\$'000 |
| After crediting | | |
| Gain on disposal of a subsidiary | - | 20 |
| Unrealised gain on revaluation of financial assets at fair value through profit or loss, net | - | 696 |
| After charging | | |
| Depreciation | 1,045 | 1,166 |
| Amortization of goodwill | - | 2,216 |
| Operating leases – land and buildings | 3,360 | 2,949 |
| Unrealised loss on revaluation of financial assets at fair value through profit or loss, net | 32 | - |



5. Finance Costs

| | Six months ended 30 June | |
|-------------------------------|--------------------------|-------------|
| | 2005 | 2004 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Interest on convertible notes | 48 | 620 |

6. Taxation

Hong Kong profits tax has not been provided in the accounts as the Group has no estimated assessable profit for the six months ended 30 June 2005. (2004: Nil)

The Group has available tax losses as at 31 December 2004 for offset against future profits. No deferred tax assets have been provided in the accounts as the directors consider that it is uncertain that they will crystallize in the foreseeable future.

7. Dividends

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2005 (2004: Nil).

8. Basic (Loss)/Earnings Per Share

The calculation of basic (loss)/earnings per share for the period is based on the loss attributable to shareholders of HK\$3,334,000 (2004: profit of HK\$4,245,000) and the weighted average of 2,194,131,265 (2004: 2,064,960,000) shares in issue during the six-month period.

No diluted earnings per share is presented as there was no dilutive potential ordinary shares in issue during the period.

9. Property, Plant and Equipment

(a) Acquisitions of property, plant and equipment

During the six months ended 30 June 2005, the Group incurred capital expenditure of property, plant and equipment with a cost of HK\$379,000 (for the six months ended 30 June 2004: HK\$419,000).

(b) Write off of property, plant and equipment

Property, plant and equipment with a net book value of \$15,000 were written off during the six months ended 30 June 2005 (for the six months ended 30 June 2004: HK\$832,000).



10. Available-for-sale Financial Assets

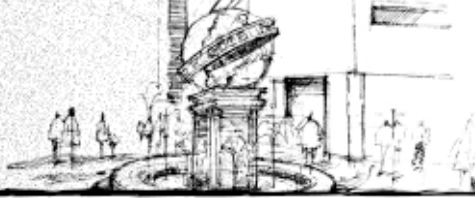
| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|--|--|--|
| Listed equity securities in Hong Kong: | | |
| At 1 January 2005 | 2 | 2 |
| Adjustment on fair value upon first adoption of HKAS 39 | 37 | – |
| Decrease in fair value for the period | (8) | – |
| At 30 June 2005 | 31 | 2 |
| Interest in unincorporated syndicates, at cost | 35,045 | 35,045 |
| | 35,076 | 35,047 |

11. Loans Receivable

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|---------------------------------------|--|--|
| Loans receivable – secured (note (a)) | 69 | 11,278 |
| Loans receivable – unsecured | 2,746 | 12,777 |
| Gross loans receivable (note (b)) | 2,815 | 24,055 |
| Provision | (1,560) | (2,100) |
| | 1,255 | 21,955 |
| Less: amount due within one year | (582) | (21,276) |
| Amount due after one year | 673 | 679 |

Note:

- (a) As at 31 December 2004, the amount included a short term secured loan of HK\$10,357,000 (the "Loan") granted to an individual (the "Borrower") who is independent to the Group. According to a deed of loan dated 3 April 2003, the Loan has to be repaid in September 2003. In 2001, Century Legend Limited, the former ultimate holding company, issued a deed of guarantee in favour of the Group in respect of the Loan. Pursuant to the deed of guarantee, Century Legend Limited is responsible for repayment of the Loan if the Borrower defaults in repayment. Most of the Loan had been repaid by June 2005.



(b) The repayment terms of loans receivable are negotiated on an individual basis. The maturity profile of loan receivables is analysed as follows:

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|--------------------------------------|--|--|
| On demand | 1,560 | 22,039 |
| Three months or less | 145 | 254 |
| Below one year but over three months | 437 | 1,068 |
| One to three years | 673 | 694 |
| | 2,815 | 24,055 |

12. Trade and Other Receivables

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|-------------------------------|--|--|
| Trade receivables | 37,241 | 8,892 |
| Other receivables and deposit | 9,398 | 3,531 |
| | 46,639 | 12,423 |

The majority of the Group's turnover is on cash basis. The remaining balances of turnover are on credit terms of thirty to sixty days. At 30 June 2005, the ageing analysis of the trade receivables was as follows:

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|--------------|--|--|
| 0-30 days | 34,170 | 7,653 |
| 31-60 days | 1,265 | 488 |
| 61-90 days | 549 | 123 |
| Over 90 days | 1,257 | 628 |
| | 37,241 | 8,892 |



13. Cash at Bank and in Hand

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|---|--|--|
| Deposits with banks maturing within 7 days when placed | 7,851 | – |
| Cash at bank and in hand | 28,171 | 46,782 |
| | 36,022 | 46,782 |

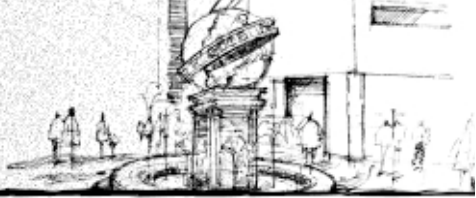
14. Trade Payables

As at 30 June 2005, the ageing analysis of the trade payables was as follows:

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|--------------|--|--|
| 0-30 days | 30,821 | 7,768 |
| 31-60 days | 11 | 137 |
| 61-90 days | 7 | 1 |
| Over 90 days | 13 | 34 |
| | 30,852 | 7,940 |

15. Convertible Notes

On 15 January 2004, the Group issued convertible notes of aggregate principal amount of HK\$45 million with maturity date on 14 January 2007, which are interest-bearing at 3% per annum. The convertible notes can be converted into ordinary shares of the Company at a conversion price of HK\$0.3 per share (subject to adjustments from time to time in accordance with the provisions set out in the subscription agreement) during the period from 15 January 2005 to 14 January 2007. The total number of shares of the convertible notes will change with the change of conversion price of the convertible note from year to year. The net proceeds from the issue are for general working capital of the Group and other investment opportunities in the gaming and entertainment industry that the Group may identify from time to time.



On 2 September 2004, an agreement was entered into between a note holder and the Group for early redemption of a convertible note with principal amount of \$3 million. The redemption constitutes an amendment to the terms and conditions of the convertible note; however, the Group has given consent to the early redemption as the Directors considered that the redemption amount would not have material impact on the financial position and cash flow of the Group.

On 15 January 2005, the noteholders had executed their right to subscribe for shares of HK\$0.01 each in the Company at the conversion prices as indicated in their convertible notes. There were 139,999,994 new shares of HK\$0.01 each marking pari passu in all respects with the existing issued shares of the Company be and are hereby allotted and issue to the noteholders on 24 January 2005.

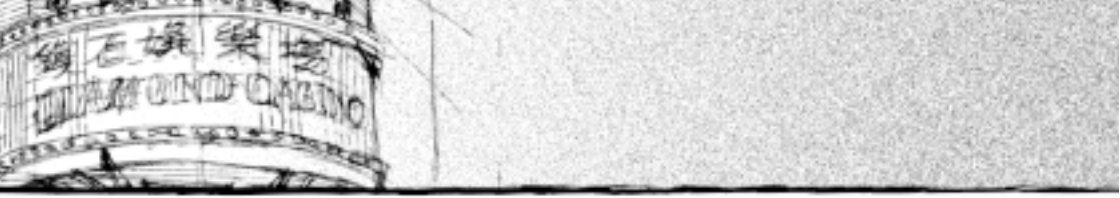
16. Share Capital

| | No of shares (million) | Nominal Value HK\$'000 |
|--|---------------------------|---------------------------|
| Ordinary shares of HK\$0.01 each | | |
| Authorised: | | |
| At 1 January 2005 and 30 June 2005 | 40,000 | 400,000 |
| Issued and fully paid: | | |
| At 1 January 2005 | 2,065 | 20,650 |
| Issue of new shares by conversion of convertible notes (note 15) | 140 | 1,400 |
| At 30 June 2005 | 2,205 | 22,050 |

17. Operating Lease Commitments

At 30 June 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expired as follows:

| | 30 June 2005 (Unaudited) HK\$'000 | 31 December 2004 (Audited) HK\$'000 |
|---|--|--|
| Not later than one year | 6,103 | 6,238 |
| Later than one year and not later than five years | 4,529 | 7,580 |
| | 10,632 | 13,818 |



18. Subsequent Event

On 9 April 2005, LNX Limited (“LNX”) which is 50% owned by the Group and 50% beneficially owned by China Sky Investments Limited (“China Sky”), the controlling shareholder of the Company, entered into a legally binding memorandum of terms with, among others, Keenfull Investments Limited (“Keenfull”), an independent third party of the Company, to acquire a call option in respect of all the shares in Fastpro Investments Limited (“Fastpro”) (which indirectly holds Holiday Inn, Macau (the “Hotel”) and the rights to manage the Hotel during the option period. The memorandum of terms is subject to all parties entering into further agreement setting out in detail the terms and conditions for the transaction. Pursuant to the memorandum of terms, the Group had on 3 May 2005 entered into the agency agreement, the option agreement and the joint venture agreement with, among others, Century Legend Properties Limited (“CL Properties”), a wholly owned subsidiary of China Sky. Details of the transaction can be referred to the announcements of the Company dated 6 May 2005, 30 May 2005, 20 June 2005 and 11 July 2005. All these agreements are subsequently and effectively terminated on 5 August 2005.

On 27 July 2005, CL Properties entered into the surrender deed with, among others, Keenfull to surrender the call option in respect of the entire issued share capital of Fastpro. On the same day, Investgiant Limited, which is wholly and beneficially owned by CL Properties entered into a sales and purchases agreement with Keenfull to acquire a 50% interest in Fastpro which indirectly holds the Hotel.

On 27 July 2005, the Group entered into agreement with CL Properties whereby the Groups agrees, subject to fulfilment of certain conditions, to acquire a 25% effective interest in the Hotel at a consideration of HK\$55,707,358. The intended acquisition would be financed by internal resources of the Company and a revolving loan from China Sky. The acquisition constitutes a very substantial acquisition and connected transaction of the Company under the Listing Rules and is subject to the independent shareholders’ approval (by way of poll) at the special general meeting.

The Company proposes to raise approximately HK\$48.5 million before expenses by way of the rights issue in the proportion of one rights share for every five shares held by qualifying shareholders on the record date. Pursuant to the rights issue, 440,991,998 rights shares will be issued at a subscription price of HK\$0.11 each payable in full on acceptance. The rights issue is conditional upon the underwriting agreement having become unconditional and not being terminated by the underwriter in accordance with its terms.

The net proceeds from the rights issue of approximately HK\$46 million will be applied principally to repay the revolving loan to be taken out from China Sky.

Reference can be made to the announcement of the Company dated 15 August 2005 for details of the acquisition and rights issue. A circular containing further detailed information relating to the acquisition and the rights issue is expected to be despatched to the shareholders by the end of September 2005.

19. Comparative Figures

Certain comparative figures have been reclassified to conform with current period’s presentation.



SECTION C: BUSINESS REVIEW AND PROSPECTS

I. Overall performance

For the six months ended 30 June 2005, the Group recorded a decline in turnover of 61% to approximately HK\$27 million as compared to the corresponding period in 2004. The gross profit of the Group increased by approximately 1% to HK\$6.6 million and there was a loss attributable to shareholders of HK\$3.3 million for the period under review compared to a profit attributable to shareholders of HK\$4.2 million in the corresponding period last year.

The decline in the Group's turnover was owing to the quick emergence of new casino operators in Macau and cut-throat price competition in travel and gaming related business, while the increase in gross profit margin was a result of the successful development of high profit margin product in travel and gaming related division in coherence with the significant decrease in turnover of low profit margin product. Profit attributable to shareholders in last period was mainly contributed from the share of substantial profit from an associate and share of loss in the health and beauty business to minority interests. Without above-mentioned factors, the Group would have incurred operating loss of HK\$4.4 million in last period compared to a loss from operations of HK\$4.3 million for the period under review. Therefore, the operating result was not worse off than last period although there was significant decrease in turnover.

II. Travel and Gaming Related Business

In the reviewing period, the turnover of travel and gaming related business suffered a sharp decline of 78.8% to HK\$11,729,000 which was mainly attributable to the downfall of travel business. In the first half of 2005, the economy of Macau as a whole continued to benefit from the accelerating growth in tourist arrivals from Mainland China due to the broader implementation of Individual Visit Scheme in more PRC cities, nevertheless, the widespread emergence of casino operators coming from worldwide in Macau in recent years has brought forth intense market competition to the travel industry which seriously dampened the sales of our entertainment packages in the reviewing period. Instead of entering into the throat-cutting price war, the Group prefers to differentiate its service by focusing in providing reasonably priced premium entertainment packages. The Group believes that the travel business development will become more comprehensive with stronger room for growth after the complete establishment of hotel business in the coming year.



The dividend income from gaming intermediaries business increased 33% to HK\$2 million for the period under review compared to the same period in 2004. In addition, the Group has been granted the Gaming Intermediaries Licenses for two gaming intermediaries in July 2005 through two joint ventures formed with the controlling shareholder of the Group. It steps forward to a more regulated business operation environment when the signing of agreement with casino operator is completed in near future.

In order to strengthen the Group's foothold in the gaming and entertainment businesses in Macau, the Group had initiated a proposal to acquire the Hotel in May 2005, a four star deluxe hotel with wide variety of entertainment amenities welcomed by business travelers in particular and the proposal has been recently further confirmed by entering into an agreement with CL Properties on 27 July 2005 that 25% effective interest of the Hotel will be acquired by the Group. The successful acquisition of the Hotel will activate a synergy between gaming intermediaries and hotel businesses since the Group has already held a 15% interest in the sole gaming intermediary which operates at the gaming facilities inside the Hotel and in the future, expand the Group's travel business.

III. Health and Beauty Businesses

In the reviewing period, the turnover was HK\$12,483,000 representing a 23.7% noticeable increase over the same period in last year, while the net loss was narrowed down by 46.2% to HK\$2,023,000. The boost in Hong Kong tourism as well as the rebounding local economy collectively created an optimistic environment for the growth of the Group's health and beauty businesses. In the reviewing period, Headquarters and Spa D'or as the city's premium styling salon and personal beauty and health center have together reported an impressive growth of 22.5% and 25.6% in turnover respectively. Particularly, the net loss of Spa D'or was significantly decreased by 27.6% mainly attributable to its effective cost control strategy. However, the relocation of Headquarters in the latter half of 2004 resulted in a 53% increase in rental and other operating expenses which as a core factor leading to the deepened net loss by 110% in the reviewing period.



IV. Other business segments

For the money lending segment, the Group recorded a turnover of HK\$1,133,000 and a net profit of HK\$1,454,000, representing a decrease of 36% and an increase of 7% respectively compared to the same period of last year. Written back of an over provision of bad debt of HK\$540,000 during the period under review explained the net profit being higher than turnover in the segment. According to the Group's policy, money lending business has been streaming down but will continue to uphold conservative lending policy in order to reduce foreseeable risk.

The turnover of stock broking business reported a striking growth of 43% to HK\$668,000 and the segment result successfully recorded a turnaround to a net profit of HK\$39,000 compared to a net loss of HK\$596,000 in the last year which mainly was attributable to its increase in source of income and tight cost control measures.

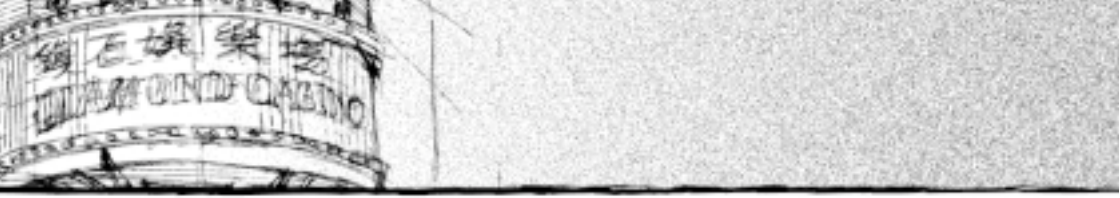
Regarding the trading business, it reported a significant growth of 28% to HK\$518,000 in turnover and the segment result also recorded a turnaround to a net profit of HK\$78,000 as compared to a net loss of HK\$215,000 in the past year.

V. Prospects

Looking ahead, the management of the Group looks forward to the Group's vigorous gaming businesses in Macau acting as the backing of the development of gaming business in Pan Pacific market.

In view of the gaming business market in the world, Macau has swiftly grown to be the second largest one just next to the world's largest gaming town – Las Vegas Strip. The growth mainly fuelled by the blooming tourist arrivals from Mainland China which forcefully further taken up by 66% in 2004 to 95,297,000 arrivals is expected to continue its ever high record in the coming years. According to the strategy of Macau SAR Government in managing the gaming industry, instead of increasing the number of locations of gaming facility, the Government rather aims to encourage operators to upgrade their existing gaming facilities. This will further elevate the existing industry players' standards and in turn tighten the entry barrier of the industry.

In the sowing stage, the Group has realized or visualised several development targets in shaping the travel and gaming businesses future including the successful application of the Gaming Intermediaries Licences in July 2005 and the proposed acquisition of 25% effective interest in the Hotel. The recently signed agreement between the Hotel owner and Sociedade de Jogos de Macau, S.A. on 30 August 2005 concerning the expansion of gaming operation in the Hotel further affirmed the potential of the Hotel in becoming a new entertainment attraction to visitors.



For the health and beauty businesses, the Group will persist the effective cost control measures and especially diversify the varieties of service in Spa D'or as to catering the fast-changing trend in body shaping and beauty services. As an upscale celebrity salon in the city, the relocated Headquarters dedicates to providing a more gorgeous somewhat youngish environment and recruiting more talented stylists to deliver the best quality of services to our every customers.

To sustain the development of the Group, the Board will continue to strive for seeking different investment opportunities to further enhance the competitiveness of the Group, and will also endeavour to improve the operating efficiency of the Group.

SECTION D: FINANCIAL REVIEW

I. Liquidity and Financial Resources

As at 30 June 2005, the Group had a cash and bank balance of HK\$36 million and net current assets of HK\$48 million. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2005 was approximately 2.2 (31 December 2004: 2.7). The Group maintained a strong working capital position during the reviewing period.

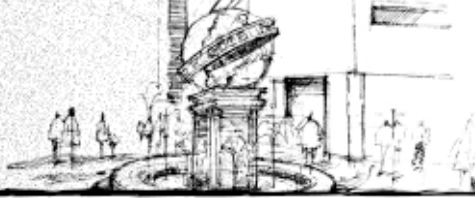
The gearing ratio (calculated as the total long term loan to the total shareholders' equity) of the Group as at 30 June 2005 was zero (31 December 2004: 61%).

The sales and purchase of the Group are mainly denominated in U.S. dollars or Hong Kong dollars with exchange rate relatively stable during the period under review, The Directors consider that the Group's exposure to fluctuations in exchange rates was minimal.

During the period under review, the Group had no assets pledged. Neither the Company nor the Group had any significant contingent liabilities as at 30 June 2005 (31 December 2004: Nil). The Group had no capital commitments as at 30 June 2005. (31 December 2004: Nil).

II. Capital Structure of the Group

During the period under review, total outstanding balance of convertible notes of HK\$42 million were fully converted into ordinary shares at HK\$0.3 per share based on the terms of convertible note. Accordingly 139,999,994 new shares of HK\$0.01 each marking pari passu in all respects with the existing shares of the Company were allotted and issued to the noteholders.



III. Interim dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005 for the Group incurred an operating loss for the period.

SECTION E: EMPLOYEE AND REMUNERATION POLICY

For the period ended, a total of 124 staff was employed with staff costs excluding directors' emoluments amounted to HK\$6.2 million.

The employee remuneration packages including provident fund and medical benefits currently offered are competitive to the market. Employee remuneration is reviewed and determined by management annually based on both employees' individual and Group's overall performance.

SECTION F: CORPORATE GOVERNANCE

I. Directors' and Chief Executives' Interests and Short Positions in the Shares, underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2005, the interests and short positions of each of the Directors and Chief Executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

| Name of Director | Personal Interest | Corporate Interest | Family Interest | Other Interest | Total | Approximate % of total shareholding |
|--------------------------|-------------------|--------------------|-----------------|----------------|-------------|-------------------------------------|
| Mr. Tsang Chiu Ching | 2,260,000 | 815,883,900 | - | 818,143,900 | 818,143,900 | 37.1% |
| Mr. Tsang Chiu Mo Samuel | - | 815,883,900 | - | - | 815,883,900 | 37.0% |

Note: These shares are beneficially owned by Barsmark Investments Limited, the issued share capital of which is indirectly beneficially owned as to one-third by each of Mr. Tsang Chiu Mo Samuel, Mr. Tsang Chiu Ching and Ms. Tsang Chiu Yuen Sylvia. Ms. Tsang Chiu Yuen Sylvia is the sister of Mr. Tsang Chiu Mo Samuel and Mr. Tsang Chiu Ching.



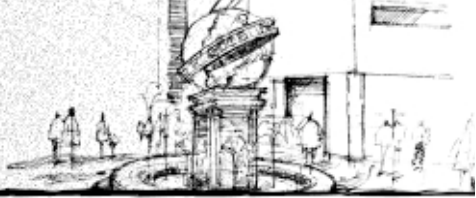
Save as disclosed above, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

II. Substantial Shareholders' Interests and Short Position in the Shares, underlying Shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2005, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

| Name of shareholder | Nature | Number of shares held | Approximate percentage of total shareholding |
|---|------------|-----------------------|--|
| Barsmark Investments Limited | Beneficial | 815,883,900 | 37% |
| China Sky Investments Limited (Note) | Corporate | 815,883,900 | 37% |
| Conba Investments Ltd. (Note) | Corporate | 815,883,900 | 37% |
| Sky Shore Limited (Note) | Corporate | 815,883,900 | 37% |
| Fortune Ocean Limited (Note) | Corporate | 815,883,900 | 37% |
| Ms. Tsang Chiu Yuen Sylvia (Note) | Corporate | 815,883,900 | 37% |
| Szeto Investments Holdings (Amusement) Limited (Note) | Beneficial | 262,500,000 | 11.9% |

Note: Barsmark Investments Limited is wholly and beneficially owned by China Sky Investments Limited, the issued share capital of which is beneficially owned as to one-third by each of (i) Conba Investments Ltd. (a company wholly and beneficially owned by Mr. Tsang Chiu Mo Samuel); (ii) Sky Shore Limited (a company wholly and beneficially owned by Ms. Tsang Chiu Yuen Sylvia); (iii) Fortune Ocean Limited (a company wholly and beneficially owned by Mr. Tsang Chiu Ching). Szeto Investments Holdings (Amusement) Limited is wholly and beneficially owned by Ms. Szeto Yuk Lin who is the mother of Mr. Tsang Chiu Mo Samuel, Mr. Tsang Chiu Ching and Ms. Tsang Chiu Yuen Sylvia.



Save as disclosed above, no other person other than the Directors or Chief Executives of the Company had interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

III. Purchase, Sales or Redemption of Listed Securities

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

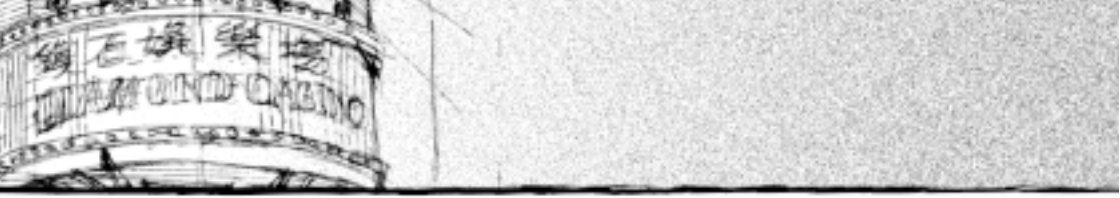
IV. Compliance with the Code of Best Practice of the Listing rules

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2005, in compliance with the Code of Best Practice as set out in then Appendix 14 of the Listing Rules in force prior to 1 January 2005, save for the deviations set out below.

With the Code on Corporate Governance Practices set out in the Appendix 14 to the Listing Rules (the "CG Code") coming into effect from 1 January 2005 to replace the then Appendix 14 of the Listing Rules, actions have been taken by the Company to continue to raise the standard of its corporate governance. Save as disclosed below, the Board is of the opinion that throughout the six months ended 30 June 2005, the Company has fully complied with the code provisions of the CG Code.

Code A.2.1

As at 30 June 2005, Mr. Tsang Chiu Mo Samuel is the Executive Chairman of the Company and no Chief Executive Officer has been appointed. The responsibilities of Chief Executive Officer have been carried out by Mr. Tsang Chiu Mo Samuel. The Board believes that it is in the best interest of the Company and the shareholders as a whole for Mr. Tsang Chiu Mo Samuel, who is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board in an effective manner, to continue to carry out the responsibilities of Chief Executive Officer, which ensures on the effectiveness and efficiency of the decision making process of the Board.



Code A.4.1

As at 30 June 2005, the Independent Non-executive Directors of the Company had not been appointed for a specific term, but are subject to retirement at each annual general meeting of the Company. On 16 September 2005, service contracts have been signed with each of the Independent Non-executive Directors of the Company providing, amongst other things, their term of offices for an initial period of one year and they would be subject to retirement at each annual general meeting of the Company.

Code B.1.1 and Code B.1.3

As at 30 June 2005, the Company did not have a remuneration committee. On 16 September 2005, a Remuneration Committee was established with written terms of reference no less exacting terms than Code B.1.3. The Remuneration Committee is composed of the three Independent Non-executive Directors of the Company.

Code B.1.4 and Code C.3.4

As present, the Company does not maintain a website. Appropriate actions are being taken to establish a website for the Company, whereat the written terms of reference of the Audit Committee and Remuneration Committee will be made available. These terms of reference are also available from the Company Secretary on request.

Code C.3.3

The terms of reference of the Audit Committee was revised on 16 September 2005 to ensure on compliance with the CG Code.

V. Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the six months ended 30 June 2005 with the Directors.

By Order of the Board
CHU MING TAK EVANS TANIA
Executive Director

Hong Kong, 16 September 2005