

NETWORK CN INC
Form 10QSB/A
February 22, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB/A

(Amendment No. 1)

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000-30264

NETWORK CN INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

11-3177042
(I.R.S. Employer
Identification Number)

21/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong

(Address of principal executive offices)

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(011) (852) 2833-2186

Registrant's Telephone Number, Including International Code and Area Code:

TEDA TRAVEL GROUP INC.

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 3, 2006, the Issuer had outstanding 63,742,718 shares of the Issuer's common stock, \$0.001 par value.

Transitional Small Business Disclosure Format: YES NO

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Explanatory note

Network CN Inc. is filing this Amendment No. 1 on Form 10-Q/A to its Form 10-Q for the quarter ended September 30, 2006, to reflect the restatement of its previously issued financial statements to reclassify Goodwill as Intangible license right.

The information contained in this Amendment, including the financial statements and the notes hereto, amends only Item 1 of Part I of our originally filed Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and no other items in our originally filed Form 10-Q are amended hereby. Except for the aforementioned adjustments, this Form 10-Q/A does not materially modify or update other disclosures in the original Form 10-Q, including the nature and character of such disclosure to reflect events occurring after November 13, 2006, the filing date of the original Form 10-Q. Accordingly this Form 10-Q/A should be read in conjunction with our filings made with the United States Securities and Exchange Commission. Currently dated certifications from the our Chief Executive Officer and Chief Financial Officer have been included as exhibits to this amendment.

NETWORK CN INC.

FORM 10-QSB

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

On one or more occasions, we may make forward-looking statements in this Quarterly Report on Form 10-QSB/A regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events.

Words or phrases such as anticipates, may, will, should, believes, estimates, expects, intends, plans, predicts, projects, ta will continue or similar expressions identify forward-looking statements. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties, including, but not limited to those listed below and those business risks and factors described elsewhere in this report and our other Securities and Exchange Commission filings.

Forward-looking statements involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed. We caution that while we make such statements in good faith and believe such statements are based on reasonable assumptions, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties, we cannot assure you that our projections will be achieved. Factors that may cause such differences include but are not limited to:

- our ability to maintain normal terms with vendors and service providers;
- our ability to fund and execute our business plan;
- adverse changes in general economic and competitive conditions;
- potential additional adverse laws or regulations could have a material adverse effect on our liquidity, results of operations and financial condition; and
- our ability to maintain an effective internal control structure.

We have attempted to identify, in context, certain of the factors that we believe may cause actual future experience and results to differ materially from our current expectation regarding the relevant matter or subject area. In addition to the items specifically discussed above, our business and results of operations are subject to the uncertainties described under the caption Risk and Uncertainties which is a part of the disclosure included in Item 2 of this Report entitled Management's Discussion and Analysis of Financial Condition and Results of Operations.

From time to time, oral or written forward-looking statements are also included in our reports on Forms 10-KSB, 10-QSB and 8-K, Proxy Statements on Schedule 14A, press releases, analyst and investor conference calls, and other communications released to the public. Although we believe that at the time made, the expectations reflected in all of these forward-looking statements are and will be reasonable, any or all of the forward-looking statements in this quarterly report on Form 10-QSB/A, our reports on Forms 10-KSB and 8-K, our Proxy Statements on Schedule 14A and any other public statements that are made by us may prove to be incorrect. This may occur as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties. Many factors discussed in this Quarterly Report on Form 10-QSB/A, certain of which are beyond our control, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from forward-looking statements. In light of these and other uncertainties, you should not regard the inclusion of a forward-looking statement in this Quarterly Report

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on Form 10-QSB/A or other public communications that we might make as a representation by us that our plans and objectives will be achieved, and you should not place undue reliance on such forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent annual and periodic reports filed with the SEC on Forms 10-KSB, 10-QSB and 8-K and Proxy Statements on Schedule 14A.

Unless the context requires otherwise, references to we, us, our and the Company refer specifically to Network CN Inc., formerly known as Teda Travel Group Inc., and its subsidiaries.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****NETWORK CN INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEET****SEPTEMBER 30, 2006****(UNAUDITED)****(RESTATED)****ASSETS****CURRENT ASSETS**

Cash	\$ 3,958,031
Accounts receivable, net	296,336
Earnest deposit	1,134,003
Prepaid expenses and other current assets	444,732
Total Current Assets	5,833,102
PROPERTY AND EQUIPMENT, NET	75,480

OTHER ASSETS

Intangible license rights, net	1,069,648
Total Other Assets	1,069,648
TOTAL ASSETS	\$ 6,978,230

LIABILITIES AND STOCKHOLDERS EQUITY**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 727,448
Capital lease payable	5,460
Total Current Liabilities	732,908
TOTAL LIABILITIES	732,908

MINORITY INTEREST

104,811

STOCKHOLDERS EQUITY

Preferred Stock, \$0.001 par value, 5,000,000 shares none issued and outstanding	-
Common Stock, \$0.001 par value, 100,000,000 shares 61,242,718 shares issued and outstanding	61,243
Additional paid-in capital	17,871,646
Deferred stock compensation	(4,063,750)
Accumulated deficit	(7,729,568)
Accumulated other comprehensive income	940
TOTAL STOCKHOLDERS EQUITY	6,140,511
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 6,978,230

See accompanying notes to condensed consolidated financial statements.

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NETWORK CN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED)

(RESTATED)

	For the Three Months Ended September 30, 2006	For the Three Months Ended September 30, 2005	For the Nine Months Ended September 30, 2006	For the Nine Months Ended September 30, 2005
Revenue	\$ 1,943,771	\$ 156,158	\$ 2,355,440	\$ 269,619
Revenue related parties	-	121,206	100,478	330,530
Revenue, Net	1,943,771	277,364	2,455,918	600,149
Costs and Expenses				
Cost of tour services	1,875,555	-	2,091,368	-
Professional fees	1,014,154	85,516	1,303,941	771,660
Payroll	313,891	104,600	708,893	352,220
Management fees	-	7,692	-	23,077
Other selling, general & admin.	274,969	135,126	650,405	476,863
Total Expenses	3,478,569	332,934	4,754,607	1,623,820
Loss from Operations	(1,534,798)	(55,570)	(2,298,689)	(1,023,671)
Other Income (Expenses)				
Interest income	7,695	71	30,431	177
Interest expense	(2,333)	(4,474)	(2,965)	(12,908)
Other income	13,864	10,081	15,097	10,081
Total Other Income (Expenses)	19,226	5,678	42,563	(2,650)
Loss Before Income Taxes and Minority Interest	(1,515,572)	(49,892)	(2,256,126)	(1,026,321)
Minority interest	(12,547)	-	(7,834)	-
Income taxes	-	5,100	7,372	28,312
Loss From Continuing Operations	(1,503,025)	(54,992)	(2,255,664)	(1,054,633)
Discontinued Operations				
Equity loss of affiliate	-	(140,047)	-	(448,923)
Gain on debt forgiveness	-	-	-	3,350,000
Gain on disposal of affiliate	-	-	579,870	-
Income (Loss) from discontinued operation	-	(140,047)	579,870	2,901,077
Net Income (Loss)	(1,503,025)	(195,039)	(1,675,794)	1,846,444

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Foreign currency translation gain	940	-	940	-
Comprehensive Income (Loss)	\$ (1,502,085)	\$ (195,039)	\$ (1,674,854)	\$ 1,846,444

Net Income (Loss) per Common Share - Basic

Loss per common share from continuing operations	(0.027)	(0.003)	(0.047)	(0.049)
Income (Loss) per common share from discontinued operations	-	(0.006)	0.012	0.133
Net income (loss) per common share basic	\$ (0.027)	\$ (0.009)	\$ (0.035)	\$ 0.084
Weighted Average Shares Outstanding - Basic	55,744,892	21,848,755	48,303,310	21,731,810

Net Income/(Loss) per Common Share - Diluted

Loss per common share from continuing operations	(0.027)	(0.003)	(0.047)	(0.049)
Income (Loss) per common share from discontinued operations	-	(0.006)	0.012	0.133
Net income (loss) per common share diluted	\$ (0.027)	\$ (0.009)	\$ (0.035)	\$ 0.084
Weighted Average Shares Outstanding Diluted	55,744,892	21,848,755	48,303,310	21,731,810

See accompanying notes to condensed consolidated financial statements.

Table of Contents**NETWORK CN INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005****(UNAUDITED)**

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (1,675,794)	\$ 1,846,444
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	196,101	192,229
Stock issued for services	66,355	601,701
Provision for doubtful debts	38,501	-
Gain on debt forgiveness	-	(3,350,000)
Stock and option issued to consultants	825,527	-
Loss in affiliate	-	448,923
Gain on disposal of affiliate	(579,870)	-
Minority interest	6,628	-
(Increase) decrease in :		
Prepaid expenses	(81,538)	(80,379)
Accounts receivable	(59,192)	13,281
(Increase) decrease in :		
Accounts payable and accrued expenses	(45,169)	68,538
Net Cash Used in Operating Activities	(1,308,451)	(259,263)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnest deposit paid	(1,134,003)	-
Sales proceeds from disposal of affiliate	3,000,000	-
Purchase of property and equipment	(64,003)	(6,670)
Acquisition of a subsidiary, net	(807,959)	-
Net Cash Provided by (Used in) Investing Activities	994,035	(6,670)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Due to related parties	(639,130)	16,919
Due to a director	-	8,634
Stock issued for cash, net of placement fees	4,815,000	218,444
Payments on capital lease	(7,019)	(7,020)
Contribution from a stockholder	16,737	-
Net Cash Provided by Financing Activities	4,185,588	236,977
EFFECT OF EXCHANGE RATE ON CASH	940	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,872,112	(28,956)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	85,919	66,742
<u>CASH AND CASH EQUIVALENTS - END OF PERIOD</u>	\$ 3,958,031	\$ 37,786
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid for interest	\$ 6,371	\$ 948
See accompanying notes to condensed consolidated financial statements.		

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NETWORK CN INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2006

**(UNAUDITED)
(RESTATED)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

For further information, refer to the consolidated financial statements and footnotes included in the Company's Form 10-KSB for the year ended December 31, 2005 filed with the Commission on April 17, 2006.

(A) Nature of Operations and Organization

Network CN Inc., formerly known as Teda Travel Group Inc., and subsidiaries (the Company) include:

Network CN Inc., formerly known as Teda Travel Group Inc.

NCN Group Limited (NCN BVI , a wholly owned subsidiary incorporated in the British Virgin Islands on June 23, 2001, formerly Teda Hotels Management Company Limited)

NCN Group Management Limited (NCN HK , a wholly owned subsidiary of NCN BVI incorporated in Hong Kong on July 28, 2000, formerly Teda Hotels Management Limited)

NCN Management Services Limited (NCN MS , a wholly owned subsidiary of NCN BVI incorporated in the British Virgin Islands on May 4, 2006)

NCN Asset Management Services Limited (a wholly owned subsidiary of NCN BVI incorporated in the British Virgin Islands on May 4, 2006)

NCN Travel Services Limited (a wholly owned subsidiary of NCN BVI incorporated in the British Virgin Islands on May 4, 2006)

NCN Financial Services Limited (a wholly owned subsidiary of NCN BVI incorporated in the British Virgin Islands on May 10, 2006)

NCN Media Services Limited (a wholly owned subsidiary of NCN BVI incorporated in the British Virgin Islands on May 4, 2006)

NCN Hotels Investment Limited (a wholly owned subsidiary of NCN MS incorporated in the British Virgin Islands on November 1, 2001)

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NCN Pacific Hotels Limited (a wholly owned subsidiary of NCN MS incorporated in the British Virgin Islands on July 6, 2006)

Teda (Beijing) Hotels Management Limited (Teda BJ , a wholly owned subsidiary of NCN BVI incorporated in the People s Republic of China in November 2004)

NCN Landmark International Hotel Group Limited (NCN Landmark , a 60% owned subsidiary of NCN BVI incorporated in the British Virgin Islands on August 17, 2004)

Landmark International Hotel Development Limited (Landmark Development , a 51% owned subsidiary of NCN Landmark incorporated in the British Virgin Islands on October 7, 2005) ; and

Guangdong Tianma International Travel Service Co., Ltd. (Tianma , a 55% owned subsidiary of NCN MS incorporated in the People s Republic of China on November 23, 1985)

The Company provides management services to hotels and resorts located in China, and travel agency services to customers in China.

(B) Principles of Consolidation

The accompanying 2006 and 2005 consolidated financial statements include the accounts of Network CN Inc., formerly known as Teda Travel Group Inc., from the date of merger, NCN BVI and its nine wholly owned subsidiaries, NCN BVI s 60% owned subsidiary NCN Landmark, and NCN Landmark s 51% owned subsidiary Landmark Development from October 7, 2005, together with NCN MS s 55% owned subsidiary Tianma from June 16, 2006.

All significant intercompany transactions and balances have been eliminated in consolidation.

(C) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(D) Cash and Cash Equivalents

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

(E) Revenue Recognition

In relation to hotel and resort services, the Company recognizes revenue in the period when the services are rendered and earned, and collection is reasonably assured.

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In relation to travel agency services, the Company recognizes services-based revenue when the services have been performed.

(F) Earnings (Loss) per Share

Basic and diluted net earnings (loss) per common share is computed based upon the weighted average common shares outstanding as defined by the Statement of Financial Accounting Standards No. 128 Earnings per Share . As of September 30, 2006 and 2005, there were 174,581 and 0 common share equivalents outstanding, the effect of which was anti-dilutive and not included in the calculation of dilutive earnings (loss) per share.

(G) Income Taxes

The Company accounts for income taxes under the Statement of Financial Accounting Standards No. 109 Accounting for Income Taxes (Statement 109). Under Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(H) Business Segments

The Company's operating segments are organized internally primarily by the type of services performed. Currently the Company has two operating segments: property management and travel agency. The real estate investments segment had been discontinued since October 2005, and its sale was completed in April 2006.

(I) Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123R "Share-Based Payment" ("SFAS 123R"), a revision to SFAS No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"), and superseding APB Opinion No. 25 "Accounting for Stock Issued to Employees" and its related implementation guidance. SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, including obtaining employee services in share-based payment transactions. SFAS 123R applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. Adoption of the provisions of SFAS 123R is effective as of the beginning of the first interim or annual reporting period that begins after December 15, 2005.

Prior to December 15, 2005, the Company accounted for its stock plans under the provisions of APB No.25, Accounting for Stock Issued to Employees (APB No. 25) and FASB Interpretation (FIN) No. 44, Accounting for Certain Transactions Involving Stock Compensation an Interpretation of APB Opinion No. 25 (FIN No. 44) and made pro forma footnote disclosures as required by Statement of Financial Accounting

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Standards (SFAS) No. 148, Accounting For Stock-Based Compensation – Transition and Disclosure, which amends SFAS No. 123, Accounting For Stock-Based Compensation. The Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS No. 123R), effective December 15, 2005 using a modified prospective application, as permitted under SFAS 123(R). Accordingly, prior period amounts have not been restated. Under this application, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. SFAS(R) requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. SFAS 123(R) establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires us to apply a fair value based measurement method in accounting for generally all share based payment transactions with employees.

The modified prospective transition method of SFAS No. 123R requires the presentation of pro forma information, for periods presented prior to the adoption of SFAS No. 123R, regarding net income and net income per share as if the Company had accounted for stock options issued to employees under the fair value method of SFAS No. 123. For pro forma purposes, fair value of stock option was estimated using the Black-Scholes option valuation model. The fair value of all of the Company's share-based awards was estimated assuming no expected dividends and estimates of expected life, volatility and risk-free interest rate at the time of grant.

The adoption of SFAS No. 123R did not have any effect on the Company as there were no outstanding stock options issued to employees.

For the period ended September 30, 2006, the Company recognized \$894,074 as expenses for stock, options and warrants issued to consultants and employees.

(J) New Pronouncements

SFAS No. 154 (SFAS 154), Accounting Changes and Error Corrections, was issued in May 2005 and replaces APB Opinion No. 20 and SFAS No. 3 (SFAS 3). SFAS No. 154 requires retrospective application for voluntary changes in accounting principle in most instances and is required to be applied to all accounting changes made in fiscal years beginning after December 15, 2005. The Company's expected adoption of SFAS No. 154 is not expected to have a material impact on the Company's consolidated financial condition or results of operations.

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments (SFAS 155), which amends SFAS No. 133, Accounting for Derivatives Instruments and Hedging Activities (SFAS 133) and SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (SFAS 140). SFAS 155 amends SFAS 133 to narrow the scope exception for interest-only and principal-only strips on debt instruments to include only such strips representing rights to receive a specified portion of the contractual interest or principal cash flows. SFAS 155 also amends SFAS 140 to allow qualifying special-purpose entities to hold a passive derivative financial instrument pertaining to beneficial interests that itself is a derivative instrument. The Company is currently evaluating the impact of this new Standard, but believes that it will not have a material impact on the Company's financial position.

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In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109 (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation provides that the tax effects from an uncertain tax position can be recognized in the Company's financial statements, only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of the beginning of fiscal 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact of adopting FIN 48 on its financial statements.

In September 2006, FASB issued Statement 157, Fair Value Measurements. This statement defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles (GAAP). More precisely, this statement sets forth a standard definition of fair value as it applies to assets or liabilities, the principal market (or most advantageous market) for determining fair value (price), the market participants, inputs and the application of the derived fair value to those assets and liabilities. The effective date of this pronouncement is for all full fiscal and interim periods beginning after November 15, 2007. The Company is currently evaluating the impact of adopting FASB Statement 157 on its financial statements.

In September 2006, FASB issued Statement 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, which amend FASB Statements No. 87, 88, 106 and 132(R). This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its financial statements and to recognize changes in that funded status in the year in which the changes occur. The effective date for the Company would be for any full fiscal years ending after December 15, 2006. The Company is currently evaluating the impact of adopting FASB Statement 158 on its financial statements.

NOTE 2 RESTATEMENT

The condensed consolidated balance sheet as at September 30, 2006 has been restated to reclassify goodwill as intangible license right. The restatement did not have an effect on total other assets and total assets.

The condensed consolidated statement of operations for the three and nine month periods ended September 30, 2006 and 2005 have been restated to separate the classification of revenue from third parties and related parties and to classify stock compensation expenses to the proper classification. The restatement did not have an effect on total revenues, total expenses, loss from operations, net loss and net loss per share.

NOTE 3 INVESTMENT HELD FOR DISCONTINUED OPERATIONS

On April 29, 2006, the Company completed the sale of all of its ownership interest in a PRC real estate joint venture by the name of Tianjin Teda Yide Industrial Company Limited (Yide), formerly Tianjin Yide Real Estate Company Limited) pursuant to an Agreement for the Purchase and Sale of Stock (the Agreement) with Far Coast Asia Limited (Far Coast). Far Coast paid the Company a deposit of \$800,000 in respect of the sale in January 2006 and a balance payment of \$2.2 million was paid on March 31, 2006 (the Purchase Price). The Purchase Price was paid to the Company in Hong Kong dollars. Far Coast and its affiliated entities have no prior relationship to the Company and its affiliated entities. A copy of the Agreement for the Purchase and Sale of Stock was filed as Exhibit 2.1 to the Company's Form 8-K filed with the Commission on January 5, 2006. The completion of the sale was disclosed in the Company's Form 8-K filed with the United States Securities and Exchange Commission on May 4, 2006.

In accordance with FASB Interpretation No. 35 (FIN 35), the use of the equity method of accounting for the investment is required if the investor has the ability to exercise significant influence over the operating & financial policies of the investee. However, FIN 35 provides examples where significant influence may not exist. Specifically, paragraphs 3 & 4 of FIN 35 says that Evidence that an investor owning 20 percent or more

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of the voting stock ... may be unable to exercise significant influence ... requires an evaluation of all the facts & circumstances relating to the investment. The presumption that the investor has the ability to exercise significant influence stands ... until overcome by predominant evidence to the contrary. Management has determined that the failure by the Company to obtain financial information subsequent to September 30, 2005 has resulted in the loss of significant influence under the equity method. As such, the use of the equity method was therefore no longer appropriate and the Company accounted for its investment from October 1, 2005 to April 29, 2006, the date of completion of the sale, under the cost method.

On April 29, 2006, the Company completed the sale of all of its ownership interest in Yide pursuant to the Agreement. On completion of the sale, the Company recorded a gain on the disposal of the affiliate of \$579,870.

NOTE 4 ACQUISITION OF A SUBSIDIARY

On June 16, 2006, the Company consummated the acquisition of a majority interest of Guangdong Tianma International Travel Service Co., Ltd. (Tianma), a travel agency headquartered in the Guangdong province of the People's Republic of China (PRC) pursuant to an agreement dated May 30, 2006. The Company paid HK\$6.5 million (\$833,333) in cash and issued 362,500 shares of the Company's common stock with a fair value of \$102,950 in exchange for 55% of the shares of capital stock of Tianma. The total consideration was \$936,283.

The Company has allocated the purchase price to the assets acquired and liabilities assumed based on the estimated fair values as follows:

Current assets	\$ 187,692
Property and equipment	398
Current liabilities	(67,709)
Intangible license right	815,902
Total purchase price	\$ 936,283

The results of operations of Tianma have been included in the Company's consolidated statement of operations since the completion of the acquisition on June 16, 2006. The table below summarizes the unaudited pro forma information of the results of operations as though the acquisitions had been completed as of January 1, 2006.

		Nine Months Ended
		<u>September 30, 2006</u>
Revenues	\$	4,397,138
Gross profit	\$	404,872
Loss before income taxes and MI	\$	(1,662,038)
Net loss	\$	(1,661,575)
Net loss per share		
Basic	\$	(0.034)
Diluted	\$	(0.034)

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During the nine months ended September 30, 2006 and 2005, the Company received management revenue of \$100,478 and \$330,530 respectively from two properties it managed that were owned by a stockholder.

During the nine months ended September 30, 2006 and 2005, the Company paid rent of \$40,828 and \$26,530 respectively for office premises leased from a company owned by a director and stockholder.

During the nine months ended September 30, 2006, the Company fully repaid \$554,402 due to a stockholder as of December 31, 2005.

During the nine months ended September 30, 2006, the Company fully repaid \$77,533 due to a stockholder and director as of December 31, 2005.

NOTE 6 BUSINESS SEGMENTS

The Company currently has two operating segments. Each segment operates exclusively in Asia. The Company's Property Management segment provides management services to hotels and resorts in Asia. The Travel Agency segment provides travel agency services to customers in China. A third segment, the Real Estate Investments segment that used to invest in real estate development projects, had been discontinued since October 2005 and was sold in April 2006. The accounting policies of the segments are the same as described in the summary of significant accounting policies. There are no inter-segment sales.

For the Nine Months Ended

	Property Management	Real Estate Investments	Travel Agency	Total
September 30, 2006				
Revenue	\$ 343,173	\$ -	\$ 2,112,745	\$ 2,455,918
Net loss from continuing operations	(2,237,562)	-	(18,102)	(2,255,664)
Depreciation and amortization	195,734	-	367	196,095
Assets	6,413,194	-	565,036	6,978,230
Capital Expenditure	56,501	-	7,502	64,003

For the Nine Months Ended

	Property Management	Real Estate Investments	Travel Agency	Total
September 30, 2005				
Revenue	\$ 600,149	\$ -	\$ -	\$ 600,149
Net loss from continuing operations	(1,054,633)	-	-	(1,054,633)
Depreciation and amortization	192,229	-	-	192,229
Assets	945,926	2,420,130	-	3,366,056
Capital Expenditure	6,670	-	-	6,670

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NOTE 7 STOCKHOLDERS EQUITY

(A) In February 2006, the Company issued an option to purchase up to 225,000 shares of our common stock to our legal counsel at an exercise price of \$0.10 per share. So long as our counsels' relationship with us continues, the shares underlying the option shall vest and become exercisable in accordance with the following schedule: one-twelfth (1/12) of the shares subject to the option shall vest and become exercisable on each month anniversary of the date of issuance. The option may be exercised for 120 days after termination of the consulting relationship. The fair market value of the option was estimated on the grant date using the Black-Scholes option pricing model as required by SFAS 123R with the following weighted average assumptions: expected dividend 0%, volatility 147%, a risk-free rate of 4.5% and an expected life of one (1) year. The value recognized during the period was approximately \$7,903.

(B) In February 2006, the Company completed a private placement of 33,333,333 shares of restricted common stock at \$0.12 per share for an aggregate sum of \$4,000,000. An investment banking fee of \$400,000 was paid out of the gross proceeds.

(C) In June 2006, the Company issued 362,500 shares of restricted common stock at a fair value \$102,950 as part of the consideration to the seller in the acquisition of Tianma.

(D) In August 2006, the Company issued a warrant to purchase up to 100,000 shares of restricted common stock to a consultant at an exercise price \$0.7 per share. The shares underlying the option shall vest and become exercisable in accordance with the following schedule: one-fourth (1/4) of the shares subject to the warrant shall vest and become exercisable around every 45 days starting from the date of issuance. The warrant shall remain exercisable until August 25, 2016. The fair market value of the warrant was estimated on the grant date using the Black-Scholes option pricing model as required by SFAS 123R with the following weighted average assumptions: expected dividend 0%, volatility 192%, a risk-free rate of 4.5% and an expected life of one (1) year. The value recognized during the period was approximately \$6,374.

(E) In September 2006, the Company completed a private placement of 2,700,000 shares of restricted common stock at \$0.45 per share for an aggregate sum of \$1,215,000. No investment banking fees were payable.

(F) In September 2006, the Company issued 1,500,000 S-8 shares at a fair value of \$2,430,000 to two consultants under a Stock Incentive Plan. The fair value is amortized over twelve months until June 2007. The Company recognized expenses of \$607,500 and recorded deferred stock compensation of \$1,822,500.

(G) In September 2006, the Company issued 1,500,000 shares of restricted common stock at a fair value of \$2,445,000 to two consultants for services. The fair value is amortized over twelve months until August, 2007. The Company recognized expenses of \$203,750 and recorded deferred stock compensation of \$2,241,250.

(H) During the three months ended September 30, 2006, a stockholder of Tianma contributed \$30,432 into Tianma as additional paid-in-capital. The Company's 55% share amounted to \$16,737.

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(I) During the nine months ended September 30, 2006, the Company recognized deferred stock compensation of \$66,355 for stock issued to consultants for services.

NOTE 8 COMMITMENTS AND CONTINGENCIES

(A) Our Chief Financial Officer, Daley Mok, is a party to an employment agreement with our subsidiary NCN Group Management Limited, dated January 3, 2006, whereby Mr. Mok serves as the Chief Financial Officer of such subsidiary. The agreement does not contain a definitive termination date and is terminable by NCN Group Management Limited on one month's notice. Mr. Mok is entitled to a monthly salary of HK\$50,000 (\$6,410) and is eligible to be paid bonuses, from time to time, at the discretion of NCN Group Management Limited's Board of Directors, of cash, stock or other valid form of compensation. Mr. Mok is also eligible to receive 50,000 shares of common stock of the Company following each of his first two full years of employment. During the period, \$5,791 was recognized as expense.

(B) Our President, Benedict Fung, is also a party to an employment agreement with our subsidiary NCN Group Management Limited, dated January 3, 2006, whereby Mr. Fung serves as the President - Corporate Development of such subsidiary. The agreement does not contain a definitive termination date and is terminable by NCN Group Management Limited on one month's notice. Mr. Fung is entitled to a monthly salary of HK\$40,000 (\$5,128) and is eligible to be paid bonuses, from time to time, at the discretion of the NCN Group Management Limited's Board of Directors, of cash, stock or other valid form of compensation. Mr. Fung is also eligible to receive 60,000 shares of common stock of the Company following each of his first two full years of employment. During the period, \$6,949 was recognized as expense.

(C) Our Chief Executive Officer, Godfrey Hui, is also a party to a renewed employment agreement with our subsidiary NCN Group Management Limited, effective January 1, 2006, whereby Mr. Hui serves as the Chief Executive Officer of such subsidiary. The agreement does not contain a definitive termination date and is terminable by NCN Group Management Limited on one month's notice. Mr. Hui is entitled to a monthly salary of HK\$70,000 (\$8,974) and is eligible for an annual bonus of HK\$400,000 (\$51,282) after completion of one calendar year of service. Such bonus will be paid on a pro-rata basis for the first calendar year from the date of employment till the end of the last day of that calendar year. Mr. Hui is also eligible to receive 150,000 shares of common stock of the Company following each of his first two full years of employment. During the period, \$17,502 was recognized as expense.

(D) Our Managing Director, Daniel So, is also a party to an employment agreement with our subsidiary NCN Group Management Limited, dated June 27, 2006, whereby Mr. So serves as the Managing Director of such subsidiary. The agreement does not contain a definitive termination date and is terminable by NCN Group Management Limited on one month's notice. Mr. So is entitled to a monthly salary of HK\$50,000 (\$6,410) and is eligible for an annual bonus of HK\$250,000 (\$32,051) after completion of one calendar year of service. Such bonus will be paid on a pro-rata basis for the first calendar year from the date of employment till the end of the last day of that calendar year. Mr. So is also eligible to receive 200,000 shares of common stock of the Company following each of his first two full years of employment. During the period, \$25,537 was recognized as expense.

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(E) Our General Manager, Stanley Chu, is also a party to an employment agreement with our subsidiary NCN Group Management Limited, dated June 27, 2006, whereby Mr. Chu serves as the General Manager of such subsidiary. The agreement does not contain a definitive termination date and is terminable by NCN Group Management Limited on one month's notice. Mr. Chu is entitled to a monthly salary of HK\$35,000 (\$4,487) and is eligible for an annual bonus of HK\$100,000 (\$12,821) after completion of one calendar year of service. Such bonus will be paid on a pro-rata basis for the first calendar year from the date of employment till the end of the last day of that calendar year. Mr. Chu is also eligible to receive 100,000 shares of common stock of the Company following each of his first two full years of employment. During the period, \$12,768 was recognized as expense.

NOTE 9 SUBSEQUENT EVENTS

(A) The Company signed an agreement dated May 3, 2006 with Felix Liu to utilize his business experience and connections in China to secure projects for the Company. Pursuant to this agreement, an earnest deposit of \$1.13 million was paid to Felix Liu which was to be returned to the Company without any interest by July 31, 2006 if no projects were concluded by that time. As the Company anticipates certain project will be secured in the latter half of the fourth quarter of 2006, the Company has verbally agreed with Felix Liu that the July 31, 2006 deadline be extended, pending the outcome of project negotiation.

(B) In October 2006, the Company completed a private placement of 1,300,000 shares of restricted common stock at \$0.85 per share for an aggregate sum of \$1,105,000.

(C) In October 2006, the Company completed another private placement of 1,200,000 shares of restricted common stock at \$0.85 per share for an aggregate amount of \$1,020,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statements

The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto included in Part I, Item 1 of this Report. All amounts are expressed in U.S. dollars.

Overview

The Company, incorporated on September 10, 1993, is a Delaware company with headquarters in the Hong Kong SAR, People's Republic of China (PRC). It was led by different management teams in the past, engaging in different ventures. The Company was previously known under various names, the latest former name being Teda Travel Group Inc. On August 1, 2006, the Company was renamed to its current name of Network CN Inc.

The Company earns its revenues through the provision of management services, including training and consulting services, to hotels and resorts in the PRC. Under its management contracts with each of the hotel and resort properties, the Company is responsible for the supervision and day-to-day operations of the property in exchange for a basic management fee based on gross revenues. In addition, the Company may also earn an

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incentive fee based upon gross operating profits of the property managed. As of September 30, 2006, the Company manages eleven hotel properties located in various parts of the PRC, encompassing about 2,351 rooms. Revenues are also derived from the Company's provision of travel agency services to customers in the PRC. Revenues are recognized when services are rendered.

On August 1, 2006, in order to better reflect the Company's vision under the expanded management team, the Company changed its name to Network CN Inc. Network CN Inc.'s vision is to build a nationwide network in the PRC to service the needs of its customers. To achieve its vision, the Company has set out to build and run a Hotel Network, a Media Network and an e-Network. A Hotel Network has already been established, and the Company is working to expand it to cover all major cities in the PRC. In addition, the Company is actively pursuing the development of a Media Network and an e-Network via the Internet.

For more information relating to the Company's business, please see the section entitled "Business" in the Annual Report on Form 10-KSB as filed by Network CN Inc., formerly known as Teda Travel Group Inc., with the United States Securities and Exchange Commission on April 17, 2006.

Critical Accounting Policies

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including but not limited to those related to income taxes and impairment of long-lived assets. We base our estimates on historical experience and on various other assumptions and factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Based on our ongoing review, we plan to make adjustments to our judgments and estimates where facts and circumstances dictate. Actual results could differ from our estimates.

We believe the following critical accounting policies are important to the portrayal of our financial condition and results and require our management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

(i) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the assets from three to thirty-nine years. Repairs and maintenance on property and equipment are expensed as incurred.

(ii) Foreign Currency Translation

The Company's assets and liabilities that are denominated in foreign currencies are translated into the currency of U.S. dollars using the exchange rates at the balance sheet date. For revenues and expenses, the average

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exchange rate during the year was used to translate Hong Kong dollars and Chinese renminbi into U.S. dollars. The translation gains and losses resulting from changes in the exchange rate are charged or credited directly to the stockholders' equity section of the balance sheet when material. All realized and unrealized transaction gains and losses are included in the determination of income in the period in which they occur. Translation and transaction gains and losses are included in the statement of operations because they are not material as of September 30, 2006.

(iii) Income Taxes

The Company accounts for income taxes under the FASB SFAS No. 109 [Accounting for Income Taxes]. Under SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(iv) Long-Lived Assets

The Company accounts for long-lived assets under SFAS Nos. 142 and 144 Accounting for Goodwill and Other Intangible Assets and Accounting for Impairment or Disposal of Long-Lived Assets. In accordance with SFAS Nos. 142 and 144, long-lived assets, goodwill and certain identifiable intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the purposes of evaluating the recoverability of long-lived assets, goodwill and intangible assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets.

Consolidated Results of Operations

For the three months ended September 30, 2006 and September 30, 2005

Revenues. Revenues for the three months ended September 30, 2006 were \$1,943,771 as compared to revenues of \$277,364 for the same period in 2005, a sharp increase of \$1,666,407, or 601%. The increase was due to the inclusion of the revenue of Tianma, a subsidiary acquired on June 16, 2006. Revenues from Tianma for this period were \$1,895,018 and accounted for 97% of the Company's total revenues. Revenues from property management for this period were \$48,753, a decrease of 82% as compared to the same period last year. The decrease was due to a decreased number of hotel properties managed (from eighteen hotel properties managed as of September 30, 2005 to eleven hotel properties as of September 30, 2006). The decrease was not otherwise material given the significant revenues generated by Tianma.

Cost of Tour Services. Cost of tour services for the three months ended September 30, 2006 was \$1,875,555 as compared to cost of tour services of \$0 for the same period last year, an increase of \$1,875,555. The increase was due to the acquisition of Tianma on June 16, 2006. The majority of Tianma's expenses directly related to the generation of Tianma's tour revenues were grouped under this category, with immaterial amounts grouped under Payroll, Professional Fees, and Other Selling, General & Administrative Expenses.

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Total Expenses. Our total expenses during the three months ended September 30, 2006 were \$1,603,014, compared to expenses of \$332,934 for the same period last year, an increase of \$1,270,080, or 381%. The increase was primarily attributable to a material increase in payroll and professional fees in connection to more stocks issued for services during the current period than in the previous period. The Company expected consistent increase in payroll and professional fees in the next quarter to support the acquisition of potential projects currently under negotiations.

Professional fees. Professional fees for the three months ended September 30, 2006 were \$1,014,154 as compared to \$85,516 for the same period last year, an increase of \$928,638 or 1086%. The increase was due to more stocks issued for services during the current period than in the previous period.

Payroll. Payroll for the three months ended September 30, 2006 was \$313,891 as compared to \$104,600 for the same period last year, an increase of \$209,291 or 200%. The increase was due to the addition of several employees including a President, a new CFO, a Managing Director and a General Manager.

Other Selling, General and Administrative Expenses. Other selling, general and administrative expenses for the three months ended September 30, 2006 were \$274,969 as compared to \$135,126 for the same period last year, an increase of \$139,843 or 103%. The increase was due to additional overseas traveling and entertainment expenses incurred in the current period.

Loss from Operations. The Company incurred a loss from operations of \$1,534,798 for the three months ended September 30, 2006 as compared to a loss of \$55,570 in the previous period. The increase in loss of \$1,479,228 was mainly due to increase in payroll and professional fees as explained above.

Income Taxes. The Company derives its hotel management income in the PRC and is subject to withholding tax in the PRC depending upon the province in which a particular hotel is located. Income tax expenses charged to the consolidated income statement for the three months ended September 30, 2006 was \$0 as compared to \$5,100 for the period ended September 30, 2005 as the Company and its subsidiaries operated at a loss during the period.

Income (Loss) from Discontinued Operations. The equity loss attributable to our interest in Yide of \$140,047 for the three months ended September 30, 2005 was reclassified as loss from discontinued operations as a result of the Company's loss of significant influence over Yide since October 1, 2005. With accounting treatment changed from equity method to cost method since October 1, 2005, there was no loss from discontinued operations in the current period. After the completion of sales of the Company's interest in Yide on April 29, 2006, the Company recorded a gain of \$579,870 on the disposal of an affiliate.

Net Income (Loss). The Company recorded a net loss of \$1,503,025 as compared to a net loss of \$195,039 for the same period last year, an increase of \$1,307,986 or 671%. That was mainly due to increase of professional fee and payroll during the period.

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For the nine months ended September 30, 2006 and September 30, 2005

Revenues. Revenues for the period ended September 30, 2006 were \$2,455,918 as compared to revenues of \$600,149 for the same period last year, an increase of \$1,855,769, or 309%. The increase was mainly due to the acquisition of Tianma on June 16, 2006. Revenues from Tianma for this period were \$2,112,745 and accounted for 86% of the Company's total revenues. Revenues from property management for this period were \$343,173, a decrease of 43% as compared to the same period last year. The decrease was due to a decreased number of hotel properties managed (from eighteen hotel properties managed as of September 30, 2005 to eleven hotel properties as of September 30, 2006). The decrease was not otherwise material given the significant revenues generated by Tianma.

Cost of Tour Services. Cost of tour services for the period ended September 30, 2006 was \$2,091,368 as compared to cost of tour services of \$0 for the same period last year, an increase of \$2,091,368. The increase was due to the acquisition of Tianma on June 16, 2006. The majority of Tianma's expenses directly related to the generation of Tianma's tour revenues were grouped under this category, with immaterial amounts grouped under Payroll, Professional Fees, and Other Selling, General & Administrative Expenses.

Total Expenses. Our total expenses during the period ended September 30, 2006 were \$2,663,239, compared to expenses of \$1,623,820 for the same period in 2005, an increase of \$1,039,419, or 64%. The increase was primarily attributable to a material increase in payroll and professional fees in connection to more stocks issued for services during the current period than in the previous period. The Company expected consistent increase in payroll and professional fee in the next quarter to support the acquisition of potential projects currently under negotiation.

Professional fees. Professional fees for the period ended September 30, 2006 were \$1,303,941 as compared to \$771,660 for the same period in 2005, an increase of \$532,281, or 69%. The increase was due to more stocks issued for services during the current period than in the previous period.

Payroll. Payroll for the period ended September 30, 2006 was \$708,893 as compared to \$352,220 for the period ended September 30, 2005, an increase of \$356,673, or 101%. The increase was due to the addition of several employees including a President, a new CFO, a Managing Director and a General Manager.

Other Selling, General and Administrative Expenses. Other selling, general and administrative expenses for the period ended September 30, 2006 were \$650,405 as compared to \$476,863 for the period ended September 30, 2005, an increase of \$173,542 or 36%. The increase was mainly due to additional overseas traveling and entertainment expenses incurred in the current period.

Loss from Operations. The Company incurred a loss from operations of \$2,298,689 for the period ended September 30, 2006 as compared to a loss of \$1,023,671 in the previous period. The increase in loss of \$1,275,018 was mainly due to increase in payroll.

Income Taxes. The Company derives its hotel management income in the PRC and is subject to withholding tax in the PRC depending upon the province in which a particular hotel is located. Income tax expenses charged to the consolidated income statement for the period ended September 30, 2006 was \$7,372 as compared to \$28,312 for the period ended September 30, 2005, a decrease of \$20,940 as the Company and its subsidiaries operated at a loss during the period.

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Income (Loss) from Discontinued Operations. The equity loss attributable to our interest in Yide of \$448,923 for the period ended September 30, 2005 was reclassified as loss from discontinued operations as a result of the Company's loss of significant influence over Yide since October 1, 2005. With accounting treatment changed from equity method to cost method since October 1, 2005, there was no loss from discontinued operations in the current period. After the completion of sales of its interest in Yide on April 29, 2006, the Company recorded a gain on disposal of an affiliate of \$579,870.

Net Income (Loss). The Company recorded a net loss of \$1,675,794 as compared to net income of \$1,846,444 for the same period last year, a decrease of \$3,522,238 or 191%. This was mainly due to an increase in payroll in the current period, and the \$3,350,000 gain on debt forgiveness recognized in the same period last year was not repeated, which was partly offset by a gain on disposal of an affiliate \$579,870 in the current period.

Consolidated Financial Condition

Liquidity and Capital Resources September 30, 2006

The cash and cash equivalents as of September 30, 2006 was \$3,958,031 as compared with \$37,786 as of September 30, 2005, a sharp increase of \$3,920,245. The increase was attributable to the following activities:

Net cash utilized by operating activities as of September 30, 2006 was \$1,308,451, an increase of \$1,049,188 as compared with \$259,263 in the same period of 2005. The net cash outflow was mainly attributable to an increase in accounts payable and accrued expenses.

Net cash provided by investing activities for the period ended September 30, 2006 was \$994,035, compared with net cash used in investing activities \$6,670 in the same period of 2005. The increase of \$1,000,705 was mainly attributable to the receipt of \$3,000,000 for the sale of Yide, which was partly offset by the placing of a \$1,134,003 earnest deposit for a prospective project, and investment in Tianma.

Net cash provided by financing activities was \$4,185,588 for the period ended September 30, 2006, compared with \$236,977 in the same period of 2005. The increase was primarily attributable to private placements that raised gross proceeds of \$4,815,000, from which we paid investment banking fees of \$400,000.

Capital Commitments

The Company does not have any significant capital commitments outstanding as of September 30, 2006.

Working Capital Requirements

We had cash of \$3,958,031 at September 30, 2006 and our current assets totaled \$5,833,102. Our current liabilities at September 30, 2006 were \$664,361, so we had working capital of \$5,168,741. We have no long-term liabilities as of September 30, 2006.

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Our ability to pay operating expenses will depend upon our future operating performance, which will be subject to economic, financial, competitive and other factors, some of which are beyond our control. With working capital in excess of \$5 million as of September 30, 2006, and given the current economic climate and market conditions, the Company does not foresee any liquidity problem in maintaining its day-to-day operations over the next 12 months.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements.

RISKS AND UNCERTAINTIES

We are subject to various risks that could have a negative effect on the Company and its financial condition. You should understand that these risks could cause results to differ materially from those expressed in forward-looking statements contained in this report and in other Company communications. Because there is no way to determine in advance whether, or to what extent, any present uncertainty will ultimately impact our business, you should give equal weight to each of the following:

The travel industry is highly competitive, which may impact our ability to compete successfully with other hotel and timeshare properties for customers.

We operate in markets that contain numerous competitors. Each of our hotel management companies competes with major hotel chains and independent operators in regional markets. Our ability to remain competitive and attract and retain business and leisure travelers depends on our success in distinguishing the quality, value and efficiency of our services from those offered by others. If we are unable to compete successfully in these areas, this could limit our operating margins, diminish our market share and reduce our earnings.

We are subject to the range of operating risks common to the hotel and travel-related industries.

The profitability of the hotel and travel-related industries that we operate in may be adversely affected by a number of factors, including:

- (1) the availability of and demand for hotel rooms and apartments;
- (2) international and regional economic conditions;
- (3) the desirability of particular locations and changes in travel patterns of domestic and foreign travelers;
- (4) taxes and government regulations that influence or determine wages, prices, interest rates, and other costs;
- (5) the availability of capital to allow us and potential hotel owners and joint venture partners to fund investments;

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- (6) increases in wages and other labor costs, energy, mortgage interest rate, insurance, transportation and fuel, and other expenses central to the conduct of our business.

Any one or more of these factors could limit or reduce the demand, and therefore the prices we are able to obtain, for hotel rooms and corporate apartments.

The uncertain pace of the lodging industry's recovery will continue to impact our financial results and growth.

Both the Company and the lodging industry were hurt by several events occurring over the last few years, including Severe Acute Respiratory Syndrome (SARS), and the terrorist attacks on New York and Washington. Business and leisure travel decreased and remained depressed as some potential travelers reduced or avoided discretionary travel in light of increased delays and safety concerns and economic declines stemming from erosion in consumer confidence. Weaker hotel performance reduced management fees and gave rise to losses and closures in connection with some hotels that we manage, which, in turn, has had a material adverse impact on our financial performance. Although both the lodging and travel industries are recovering, the pace, duration and full extent of that recovery remain unclear. Accordingly, our financial results and growth could be harmed if that recovery stalls or is reversed.

Our lodging operations are subject to international and regional conditions.

Although we conduct our business in China, our activities are susceptible to changes in the performance of international and regional economies, as foreign travelers constitute a fair percentage of hotel occupants. In recent years, our business has been hurt by decreases in travel resulting from SARS and downturns in global economic conditions. Our future economic performance is similarly subject to the uncertain magnitude and duration of the economic growth in China, the prospects of improving economic performance in other regions, the unknown pace of any business travel recovery that results, and the occurrence of any future incidents in China in which we operate.

Our growth strategy depends upon third-party owners/operators, and future arrangements with these third parties may be less favorable.

Our present growth strategy for development of additional lodging facilities entails entering into and maintaining various arrangements with property owners. The terms of our management agreements for each of our lodging facilities are influenced by contract terms offered by our competitors, among other things. We cannot assure you that any of our current arrangements will continue. Moreover, we may not be able to enter into future collaborations, or to renew or enter into agreements in the future, on terms that are as favorable to us as those under existing collaborations and agreements.

We may have disputes with the owners of the hotels that we manage.

Consistent with our focus on hotel management, we generally do not own any of our lodging properties. The nature of our responsibilities under our management agreements to manage each hotel and enforce the standards

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required under the management agreements may, in some instances, be subject to interpretation and may give rise to disagreements. We seek to resolve any disagreements in order to develop and maintain good relations with current and potential hotel owners and joint venture partners, but have not always been able to do so. Failure to resolve such disagreements may result in litigation in the future.

Our ability to grow is in part dependent upon future acquisitions.

The process of identifying, acquiring and integrating future acquisitions may constrain valuable management resources, and our failure to effectively integrate future acquisitions may result in the loss of key employees and the dilution of stockholder value and have an adverse effect on our operating results. We have completed an acquisition and expect to continue to pursue strategic acquisitions in the future. Completing any potential future acquisitions could cause significant diversions of management time and resources.

Acquisition transactions involve inherent risks, such as:

- uncertainties in assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitable of acquisition or other transaction candidates;
- the potential loss of key personnel of an acquired business;
- the ability to achieve identified operating and financial synergies anticipated to result from an acquisition or other transaction;
- problems that could arise from the integration of the acquired business;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition or other transaction rationale; and
- unexpected development costs, that adversely affect our profitability.

Financing for future acquisitions may not be available on favorable terms, or at all. If we identify an appropriate acquisition candidate for our businesses, we may not be able to negotiate the terms of the acquisition successfully, finance the acquisition or integrate the acquired business, technologies or employees into our existing business and operations. Future acquisitions may not be well-received by the investment community, which may cause our stock price to fluctuate. We cannot ensure that we will be able to identify or complete any acquisition in the future.

Our ability to grow our management systems is subject to the range of risks associated with real estate investments.

Our ability to sustain continued growth through management agreements for new or existing hotels is affected, and may potentially be limited, by a variety of factors influencing real estate development generally. These include site availability, financing, planning, zoning and other local approvals, and other limitations that may be imposed by market and submarket factors, such as projected room occupancy, growth in demand opposite projected supply, territorial restrictions in our management agreements, costs of construction and anticipated room rate structure.

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Risks relating to acts of God, terrorist activity and war could reduce the demand for lodging, which may adversely affect our revenues.

Acts of God, such as natural disasters and the spread of contagious diseases, in People's Republic of China where we own and manage can cause a decline in the level of business and leisure travel and reduce the demand for lodging. Wars (including the potential for war), terrorist activity (including threats of terrorist activity), political unrest and other forms of civil strife and geopolitical uncertainty can have a similar effect. Any one or more of these events may reduce the overall demand for hotel rooms and corporate apartments, or limit the prices that we are able to obtain for them, both of which could adversely affect our revenues.

The loss of key management personnel could harm our business and prospects.

We depend on key personnel who may not continue to work for us. Our success substantially depends on the continued employment of certain executive officers and key employees, particularly Godfrey Chin Tong Hui, Director and Chief Executive Officer, and Daniel Kuen Kwok So, Managing Director.

The loss of services of these or other key officers or employees could harm our business. If any of these individuals were to leave our company, we could face substantial difficulty in hiring qualified successors and could experience a loss in productivity while any such successor obtains the necessary training and experience.

RISKS RELATED TO DOING BUSINESS IN CHINA

Our operations are primarily located in China and may be adversely affected by changes in the policies of the Chinese government.

The political environment in the PRC may adversely affect the Company's business operations. The PRC has operated as a socialist state since 1949 and is controlled by the Communist Party of China. In recent years, however, the government has introduced reforms aimed at creating a socialist market economy and policies have been implemented to allow business enterprises greater autonomy in their operations. Changes in the political leadership of the PRC may have a significant effect on laws and policies related to the current economic reforms program, other policies affecting business and the general political, economic and social environment in the PRC, including the introduction of measures to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and remittances abroad, and foreign investment. These effects could substantially impair the Company's business, profits or prospects in China. Moreover, economic reforms and growth in the PRC have been more successful in certain provinces than in others, and the continuation or increases of such disparities could affect the political or social stability of the PRC.

The Chinese government exerts substantial influence over the manner in which the company must conduct its business activities.

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Only recently has the PRC government permitted greater provincial and local economic autonomy and private economic activities. The PRC government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in the PRC or particular regions thereof, and could require the Company to divest the interests it then holds in Chinese properties or joint ventures. Any such developments could have a material adverse effect on the business, operations, financial condition and prospects of the Company.

Future inflation in China may inhibit economic activity and adversely affect the Company's operations.

In recent years, the Chinese economy has experienced periods of rapid expansion and within which some years with high rates of inflation and deflation, which have led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. While inflation has moderated since 1995, high inflation may in the future cause the PRC government to impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China, and thereby adversely affect the Company's business operations and prospects in the PRC.

We may be restricted from freely converting renminbi to other currencies in a timely manner.

Renminbi is not a freely convertible currency at present. The Company receives nearly all of its revenue in renminbi, which may need to be converted to other currencies, primarily U.S. dollars, and remitted outside of the PRC. Effective July 1, 1996, foreign currency current account transactions by foreign investment enterprises, including Sino-foreign joint ventures, are no longer subject to the approval of State Administration of Foreign Exchange (SAFE, formerly, State Administration of Exchange Control), but need only a ministerial review, according to the Administration of the Settlement, Sale and Payment of Foreign Exchange Provisions promulgated in 1996 (the FX regulations). Current account items include international commercial transactions, which occur on a regular basis, such as those relating to trade and provision of services. Distributions to joint venture parties also are considered a current account transaction. Other non-current account items, known as capital account items, remain subject to SAFE approval. Under current regulations, the Company can obtain foreign currency in exchange for renminbi from swap centers authorized by the government. The Company does not anticipate problems in obtaining foreign currency to satisfy its requirements; however, there is no assurance that foreign currency shortages or changes in currency exchange laws and regulations by the Chinese government will not restrict the Company from freely converting renminbi in a timely manner. If such shortages or change in laws and regulations occur, the Company may accept renminbi, which can be held or re-invested in other projects.

Future fluctuation in the value of the renminbi may negatively affect the Company's ability to convert its return on operations to U.S. dollars in a profitable manner and its sales globally.

Until 1994, renminbi experienced a gradual but significant devaluation against most major currencies, including U.S. dollars, and there was a significant devaluation of the renminbi on January 1, 1994 in connection with the

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replacement of the dual exchange rate system with a unified managed floating rate foreign exchange system. Since 1994, the value of the renminbi relative to the U.S. Dollar has remained stable and has appreciated slightly against the U.S. dollar. Countries, including the U.S., have argued that the renminbi is artificially undervalued due to China's current monetary policies and have pressured China to allow the renminbi to float freely in world markets.

Mainland China's currency, which for the previous decade had been tightly pegged at 8.28 renminbi to the U.S. dollar, was revalued on July 21, 2005 to 8.11 per U.S. dollar, following the removal of the peg to the US dollar and pressure from the United States. The People's Bank of China also announced that the renminbi would be pegged to a basket of foreign currencies, rather than being strictly tied to the U.S. dollar, and would trade within a narrow 0.3 percent band against this basket of currencies. The PRC has stated that the basket is dominated by the U.S. dollar, euro, Japanese yen and South Korean won, with a smaller proportion made up of the British pound, Thai baht, Russian ruble, Australian dollar, Canadian dollar and Singapore dollar.

If any devaluation of renminbi were to occur in the future, the Company's returns on its operations in China, which are expected to be in the form of renminbi, would be negatively affected upon conversion to U.S. dollars.

Some independent analysts are of the opinion that the renminbi is undervalued, and thus will appreciate in the future. However, there is always a possibility that the renminbi may devalue against the U.S. dollar. The Company intends to have most future payments, if outside of China, to be denominated in U.S. dollars. If any fluctuation in the value of renminbi were to occur in the future, the value of the Company's services in China may be negatively affected.

We may be unable to enforce our rights due to policies regarding the regulation of foreign investments in China.

The PRC's legal system is a civil law system. Unlike the common law system prevalent in the United States, civil law is based on written statutes in which decided legal cases have little value as precedents. The PRC does not have a well-developed, consolidated body of laws governing foreign investment enterprises. As a result, the administration of laws and regulations by government agencies may be subject to considerable discretion and variation, and may be subject to influence by external forces unrelated to the legal merits of a particular matter. China's regulations and policies with respect to foreign investments are evolving. Definitive regulations and policies with respect to such matters as the permissible percentage of foreign investment and permissible rates of equity returns have not yet been published. Statements regarding these evolving policies have been conflicting and any such policies, as administered, are likely to be subject to broad interpretation and discretion and to be modified, perhaps on a case-by-case basis. The uncertainties regarding such regulations and policies present risks that the Company will not be able to achieve its business objectives. There can be no assurance that the Company will be able to enforce any legal rights it may have under its contracts or otherwise.

Risks from the recent outbreak of severe acute respiratory syndrome in various parts of mainland China, Hong Kong and elsewhere.

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Since early 2003, mainland China, Hong Kong and certain other countries, largely in Asia, have been experiencing an outbreak of a new and highly contagious form of atypical pneumonia, now known as severe acute respiratory syndrome, or SARS. This outbreak has resulted in significant disruption to the lifestyles of the affected population and business and economic activity generally in the affected areas. Areas in Mainland China that have been affected include areas where the Company has business and management operations. Although the outbreak is now generally under control in China, the Company cannot predict at this time whether the situation may again deteriorate or the extent of its effect on the Company's business and operations. The Company cannot assure that this outbreak, particularly if the situation worsens, will not significantly reduce the Company's hotel and travel related revenues, disrupt the Company's staffing or otherwise generally disrupt the Company's operations, result in higher operating expenses, severely restrict the level of economic activity generally, or otherwise adversely affect products, services and usage levels of the Company's services in affected areas, all of which may result in a material adverse effect on the Company's business and prospects.

Because our assets are located overseas, stockholders may not receive distributions that they would otherwise be entitled to if we were declared bankrupt or insolvent.

Our assets are, for the most part, located in the PRC. Because the Company's assets are located overseas, the assets of the Company may be outside of the jurisdiction of U.S. courts to administer if the Company was the subject of an insolvency or bankruptcy proceeding. As a result, if the Company was declared bankrupt or insolvent, the Company's stockholders may not receive the distributions on liquidation that they are otherwise entitled to under U.S. bankruptcy law.

RISKS RELATED TO CORPORATE AND STOCK MATTERS

The market for the Company's common stock is illiquid.

The Company's common stock is traded on the Over-the-Counter Bulletin Board. It is thinly traded compared to larger more widely known companies in its industry. Thinly traded common stock can be more volatile than stock trading in an active public market. The Company cannot predict the extent to which an active public market for its common stock will develop or be sustained.

We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease our ongoing business operations.

Our company has a limited operating history and must be considered in the development stage. Our company's operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the development stage and potential investors should be aware of the difficulties normally encountered by enterprises in the development stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

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All of our directors and officers are outside the United States, with the result that it may be difficult for investors to enforce within the United States any judgments obtained against us or any of our directors or officers.

All of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on our directors or officers, or enforce within the United States or Canada any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, you may be effectively prevented from pursuing remedies under U.S. federal securities laws against them. In addition, investors may not be able to commence an action in a Canadian court predicated upon the civil liability provisions of the securities laws of the United States. The foregoing risks also apply to those experts identified in this prospectus that are not residents of the United States.

If we issue additional shares in the future this may result in dilution to our existing stockholders.

Our Certificate of Incorporation authorizes the issuance of 100,000,000 shares of common stock and 5,000,000 shares of preferred stock. Our Board of Directors has the authority to issue additional shares up to the authorized capital stated in the certificate of incorporation. Our Board of Directors may choose to issue some or all of such shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares may result in a reduction of the book value or market price of the outstanding shares of our common stock. If we do issue any such additional shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other stockholders. Further, any such issuance may result in a change of control of our corporation.

The authorized preferred stock constitutes what is commonly referred to as "blank check" preferred stock. This type of preferred stock allows the Board of Directors to divide the preferred stock into series, to designate each series, to fix and determine separately for each series any one or more relative rights and preferences and to issue shares of any series without further stockholder approval. Preferred stock authorized in series allows our Board of Directors to hinder or discourage an attempt to gain control of us by a merger, tender offer at a control premium price, proxy contest or otherwise. Consequently, the preferred stock could entrench our management. In addition, the market price of our common stock could be materially and adversely affected by the existence of the preferred stock.

Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer,

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prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

NASD sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the penny stock rules described above, the NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Stockholders Should Have No Expectation Of Any Dividends.

The holders of our common stock are entitled to receive dividends when, as and if declared by the Board of Directors out of funds legally available therefore. To date, we have not declared nor paid any cash dividends. The Board of Directors does not intend to declare any dividends in the foreseeable future, but instead intends to retain all earnings, if any, for use in our business operations.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this quarterly report, being September 30, 2006, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our company's management, including our company's Chief Executive Officer along with our company's Chief Financial Officer. Based upon that evaluation, our company's Chief Executive Officer along with our company's Chief Financial Officer concluded that our company's disclosure

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controls and procedures are effective as at the end of the period covered by this report. There have been no significant changes in our company's internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.□

PART II OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In September 2006, the Company completed a private placement of 2,700,000 shares of restricted common stock at \$0.45 per share for an aggregate sum of \$1,215,000. No investment banking fees were payable.

In September 2006, the Company issued 1,500,000 S-8 shares at a fair value of \$2,430,000 to two consultants under a Stock Incentive Plan.

In September 2006, the Company issued 1,500,000 shares of restricted common stock at a fair value of \$2,445,000 to two consultants for services.

In October 2006, the Company completed a private placement of 1,300,000 shares of restricted common stock at \$0.85 per share for an aggregate sum of \$1,105,000.

In October 2006, the Company completed another private placement of 1,200,000 shares of restricted common stock at \$0.85 per share for an aggregate amount of \$1,020,000.

Item 4. Submission of Matters to a Vote of Security Holders

An annual meeting of stockholders was held on July 28, 2006. Stockholders in the meeting approved the change of the Company's name to Network CN Inc. for better reflection of the Company's vision to building a nationwide network in China which includes, inter alia, a Hotel Network, a Media Network and an e-Network.

Item 6. Exhibits and Reports of Form 8-K

(a)

See Exhibit Index.

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(b)

Reports on Form 8-K:

On October 28, 2006, the Registrant filed a Current Report on Form 8-K with the Commission regarding selling its 1,200,000 shares of the Company's common stock to Mr. Wong Chun Chun Charles (Investor). The purchase price paid by the Investor for the Shares was \$0.85 per share for an aggregate sum of \$1,020,000.

On October 20, 2006, the Registrant filed a Current Report on Form 8-K with the Commission regarding selling its 1,300,000 shares of the Company's common stock to Mr. Lee Wing On Samuel(Investor). The purchase price paid by the Investor for the Shares was \$0.85 per share for an aggregate sum of \$1,105,000.

On September 25, 2006, the Registrant file a Current Report on Form 8-K with the Commission Regarding the appointment of Daley Mok to fill a vacancy in the Board.

On September 15, 2006, the Registrant filed a Current Report on Form 8-K with the Commission regarding selling its 2,700,000 shares of common stock to SYWG-Aizawa Chinese Equity Prospective for Listing Fund (Investor). The purchase price paid by the Investor for the Shares was \$0.45 per share for an aggregate sum of \$1,215,000.

On September 15, 2006, the Registrant filed a Current Report on Form 8-K with the Commission regarding its wholly owned subsidiary NCN Group Limited entered into a Consulting Services Agreement with Parkson Investments Limited and Linmark Investments Limited (the Consultants). Pursuant to the terms of the Agreement, the Consultants shall serve as independent consultants and advisors on matters relating to the structure, terms, operation of the Registrant's proposed media project.

On August 21, 2006, the Registrant filed a Current Report on Form 8-K with the Commission regarding the change of its corporate name from Teda Travel Group Inc. to Network CN Inc. effective August 1, 2006.

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SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETWORK CN INC.
(formerly known as Teda Travel Group Inc.)

Date: February 22, 2007

By: /s/ GODFREY CHIN TONG HUI
Godfrey Chin Tong Hui,
Chief Executive Officer

Date: February 22, 2007

By: /s/ DALEY MOK
Daley Mok,
Chief Financial Officer

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EXHIBIT INDEX

- 3.1 Certificate of Amendment of Certificate of Incorporation, filed with the Delaware Secretary of State on August 1, 2006 incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2006 filed with the Commission on November 13, 2006.
- 31.1 Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 32.1 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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