

REVIEW

The Group reported an unaudited net interim profit of approximately HK\$2,246,000 for the six months ended June 30, 2001 compared with HK\$5,588,000 recorded for the same period last year. The net asset value per ordinary share of the Company decreased to HK\$1.07 from HK\$1.09 as at the end of 2000 mainly due to the decrease in unrealised holding gain in value of long term investments in listed equity securities of HK\$3,900,000 at June 2001.

The Hang Seng Index closed 13.6% lower at 13,042.53 during the Period. Despite consecutive rounds of interest rate cuts in the US by the Fed, the US economy shows meagre signs of recovery. Protracted uncertainty in the US economy weighs on the global economy especially in Latin American and Asian countries which rely heavily on exports to the US and FDI from US investors.

The TMT sectors are still under pressure due to over-valuation and excessive investment in capacity in boom time. In the Hong Kong market, H-shares and red chips have dominated trading securities. Strong buying has been fuelled by optimism in the Chinese economy and under-valuation of stocks in the Hong Kong market relative to "A and B" shares in mainland China.

The breakdown of the Group's portfolio of investment assets as at June 30, 2001 is as follows:

Item	Book value <i>HK\$'000</i>	Percentage of consolidated NAV
Cash and deposit with bank	81,316	75.8%
Listed equity securities in Hong Kong	18,008	16.8%
Unlisted investments	6,732	6.3%

Out of the Group's investments in listed equity securities in Hong Kong, the market value of the Group's investments in Universe International Holdings Limited ("UIH") of HK\$12,600,000 represents 11.7% of the NAV of the Group as at June 30, 2001. UIH is in the business of distribution of films in various formats, sub-licensing of film rights, film exhibition and replication of optical disc. Since the Group acquired the investments in UIH, there is an unrealized revaluation surplus in value of HK\$4,200,000 based on market price as at June 30, 2001 compared with the unrealized revaluation surplus in value of HK\$8,100,000 based on market price as at December 31, 2000.

REVIEW *(Cont'd)*

In respect of the Group's unlisted investments, the Company has entered into an agreement to sell the Group's entire interest in the project company in web-based freight/logistics market place business at costs of investments. The sale will be completed in November this year. The other investment in the commercialisation of technology in IC production for 3G mobile communication operates outside Hong Kong that the management of the Group will closely monitor the foreign exchange fluctuation in its jurisdiction.

The Group did not have any borrowings during the Period.