

### CORPORATE REVIEW AND PROSPECT

It has long been the stated intention of the Group to focus primarily on one of its principal activities, namely that of making strategic investment as and when appropriate opportunities arise. As such, during the 6 months' period under review, the Group has undertaken various investment activities, including the swift completion of its acquisitions of controlling interests in both Premium Land Limited ("Premium Land"), and formerly known as Sing Pao Media Group Limited, a company listed on the Hong Kong Stock Exchange) and Century 21 Hong Kong Limited ("Century 21").

Shortly following the assumption of control of Premium Land, the Group immediately began enhancing the value of such investment by strengthening the financials, as well as the business focus, of the Premium Land group of companies. To this end, a placement of new Premium Land shares was successfully completed near the end of August. Further, Premium Land's previously diversified investment strategies were redefined into that of strategic land and property related investment within Asia.

Whilst the Group continues to believe in the long-term prospect of the real estate market throughout Asia, the local property market has remained relatively depressed throughout the period under review. Nevertheless, the businesses of Century 21, comprising principally of franchising estate agency work, real estate project management and related undertakings, remain stable, with operating losses kept under control and at a relatively minimal level.

The Group has on past occasion announced its intention to undergo a down sizing exercise for its then manufacturing operations, which had been primarily involved in the manufacturing and trading of computer related products, due to the severe competition and continued consolidation in this sector. Since then, operating environments continued to worsen. As such, and in furtherance of this exercise, two principal subsidiaries engaged in these operations, namely Denco International Limited and Ocean Office Automation Limited, were further disposed of during the period under review.

Similarly, the Group has previously announced its adoption of internal consolidation and cost-reduction measures for its then online and technology related operations, due to the drastic down-turn in the global technology sector, which has to this date remain yet to show true signs of recovery. Consequently, Admomentum Limited (“Admomentum”), having been the main driver of our e-marketing business, was also further disposed of shortly following the period under review (for details please see Post Balance Sheet events).

In general, the past six months have seen some of the most difficult business operating environments, with investors’ confidence steadily eroding. The circumstances have sharply worsened during the weeks following the September 11th incident. This has not, however, affected the Group’s access to equity financing, nor its ability to realize its investments. Indeed, the Group has successfully completed a rights issue of its shares on 4th October, 2001 and approximately HK\$63.1 million was raised. Furthermore, in addition to the realization of the Group’s investment in Admomentum, on 26th October, 2001 the Group has also fully realized its investment in Premium Land (for details please see Post Balance Sheet events). As a result of these exercises, the cash balances of the Group were significantly increased from approximately HK\$186.7 million to approximately HK\$426 million.

Going forward, with significant improvement in its financial resources, the Group intends to make use of them and capture those opportunities afforded by China’s entry into the W.T.O., and generally those other opportunities which often arise during periods of economic turmoil, in making strategic investments. In particular, the Group has recently sought to acquire certain prime local properties, with the view to collect rental returns so as to broaden the Group’s income base. Apart from real estate related undertakings, focus will be maintained in identifying other suitable investment candidates, particularly those with synergetic values with other undertakings of the Group. Further, the Group continues to recognize the importance of, and the potential synergies afforded by, providers of investment related services, both in terms of sourcing potential investment candidates as well as that of directing the manners of executions. As such, in addition to direct participation in strategic investment, the Group will continue to explore, and if thought fit, expand into the provision of investment related services.