

INTERIM DIVIDEND

The Directors have declared an interim dividend of 1 cent per share for the year ending 31 December 2002 (2001: 1 cent) payable to shareholders registered on 27 September 2002. Dividend warrants will be posted to shareholders by 4 October 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 25 September 2002 to 27 September 2002, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the interim dividend, shareholders are reminded to lodge their transfers not later than 4:00 p.m. on Tuesday, 24 September 2002 with Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Period

The Group recorded HK\$4 million turnover in the six months ended 30 June 2002, a 75% decrease as compared with the last corresponding period. The decrease was largely attributable to the decrease in sales of listed investments.

Loss attributable to shareholders was HK\$72 million, a decrease of HK\$61 million as compared with loss of HK\$133 million in the last corresponding period. The decrease was mainly due to the decrease in transfer of revaluation deficit from the long-term investment revaluation reserve to the profit and loss account upon impairment in value of listed investments.

The increase in share of loss of associates was due to share of provision of \$47 million for impairment loss in respect of an associate's interest in a hotel property.

Financial Resources and Liquidity

The Group's total borrowings were HK\$468 million at the period end. All the borrowings will mature within one year after balance sheet date. The borrowings were mainly for the acquisition of the unconsolidated subsidiary, Argent Holdings Limited ("Argent"). The Group intends to dispose of Argent and the borrowing will then be repaid.

The Group's bank borrowings were in US dollars. With respect to the interest rate structure of the borrowings, the interest rate was at 1.75% above Singapore Inter-bank Offer Rate.

The gearing ratio of the Group was 32%. The computation is based on total borrowings of the Group divided by shareholders' funds as at 30 June 2002.

Charges on Group's Assets

Shares in Argent and certain investment properties, listed shares and bank deposits held by the Group with a total net book value of approximately HK\$1,608 million have been pledged to banks to secure banking facilities granted to the Group.

The Group's shares in an associate have been pledged to banks as part of the security for bank loans granted to the associate. The Group has also subordinated and assigned to the bank its loan of approximately HK\$128 million to the associate.

Contingent Liabilities

As at 30 June 2002, the Group had contingent liabilities of approximately HK\$41 million in respect of guarantee for banking facilities granted to an associate.

Significant Investments

The Group had interests in Resorts World Berhad, Gold IS Berhad and IGB Corporation Berhad, companies listed in Malaysia. The market value of the investments as at 30 June 2002 was HK\$529 million, HK\$82 million and HK\$63 million respectively.

During the period, market value of the listed shares increased by HK\$265 million, an amount of HK\$222 million representing revaluation surplus on interest in Resorts World Berhad.

Material Acquisitions and Disposals

During the period, the Group's shares in Tan and Tan Developments Berhad were exchanged for shares in Gold IS Berhad and IGB Corporation Berhad.

Employees

As at 30 June 2002, the Group's number of staff was 11. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.