

## REVIEW

The Group reported a net interim loss of approximately HK\$1,309,000 for the six months ended June 30, 2002. The Group reported a net interim profit of approximately HK\$2,246,000 for the same period last year. While administrative expenses in the first half of 2002 decreased by 10.8%, gross profit from sale of trading securities and unrealised holding gain on trading securities dropped by 60.7%, and other revenues which were made up of interest and dividend income and underwriting commission decreased by 56% in comparison with the same period last year. There was also a reduction of reserve on revaluation of investment securities of HK\$1,800,000 as compared with year beginning. The net asset value per share of the Group dropped from HK\$0.56 as at December 31, 2001 to HK\$0.54 as at June 30, 2002, after adjusting for the 1 for 1 bonus issue of shares effected on May 24, 2002.

During the Period, the Hang Seng Index closed 7% lower at 10,598.55. The Federal Reserve Board of the US switched to a neutral monetary policy amid emerging signs of economic recovery. However, negative earnings reports of US corporations and corporate malfeasance weighted heavily on the US equity market. Plummeting USD heightened concerns of exodus of funds, which then drove a vicious cycle of further fall in the US equity market.

Having lagged the broader rally in the regional markets in the first quarter due to weak economic performance, the Hang Seng Index surged to 12,000 level in mid May. However, lackluster economic data dashed speculation of recovery in economy and the property market. Great caution about the prospects for the second half dragged the Index down.

The breakdown of the Group's portfolio of investment assets as at June 30, 2002 is as follows:

Item	Book value HK\$'000	Percentage of consolidated NAV
Cash and deposit with bank	70,769	65.2%
Listed equity securities in Hong Kong	33,298	30.7%
Unlisted investments	4,000	3.7%

Out of the Group's investments in listed equity securities in Hong Kong, the market value of the Group's investments of HK\$17,400,000 in Universe International Holdings Limited ("UIH") and HK\$14,000,000 in Moulin International Holdings Limited ("MIH") respectively represents 16% and 12.9% of the consolidated net asset value of the Group. UIH is in the business of distribution of films in various formats, sub-licensing of film rights, film exhibition and replication of optical disc. MIH is engaged in the design, manufacture, distribution and retailing of optical products.

The Group's only investment in unlisted equity securities is the project in the commercialisation of technology in IC production for 3G mobile communication. This is a foreign investment that the management of the Group keeps a close watch on the foreign exchange fluctuation in its jurisdiction.

The Group did not have any borrowings during the Period.