

## FINANCIAL REVIEW

### Liquidity and Financial resources

As at 30th June, 2002, the Group had no borrowing and no credit facilities obtained from financial institutions. As the Group had bank balances and cash on hand of HK\$36,742,579, which was mainly placed in a bank as time deposits, the Group does not foresee any significant funding needs in the coming six months.

### Capital Structure

In June 2002, the Company raised net proceeds of approximately HK\$25 million by the issue of 30,000,000 new shares at the issue price of HK\$1.00 per share to the public for subscription.

## SIGNIFICANT INVESTMENTS AND PERFORMANCE

Due to the unfavorable economic environment during the period, the Group has not made any significant investments during the period. The Group extended two short term loans of HK\$17 million to two finance companies in Hong Kong.

The remaining funds obtained from the new issue are now placed on short-term deposits with a bank which will be need for investment when the Group identifies promising investment opportunities in the future.

## CHANGES IN COMPOSITION OF THE ENTERPRISE DURING THE INTERIM PERIOD

During the period, the Group has acquired two subsidiaries and the relevant details are set out in note 14 to the interim accounts.

## SEASONALITY/CYCLICALITY OF INTERIM OPERATIONS

The management is not aware of any significant seasonal and cyclical factors which affect the Group's interim operations and results.

## EMPLOYMENT AND REMUNERATION POLICIES

As at 30th June, 2002, the Group employed 1 full-time employee and the employee's remuneration package includes fixed salary, medical insurance and mandatory provident fund. The Group's directors are not entitled to this package. The Group does not adopt any share option scheme.

## DETAILS OF CHARGES ON GROUP ASSETS

None of the Group's assets are pledged for credit facilities.

## MANAGEMENT REVIEW

Because the investment market was weak, the Group has taken a very conservative and careful approach to identify investment projects. During the six months ended 30th June, 2002, the Group has not decided to make any listed and unlisted investments besides short term loans of HK\$17,000,000. The balance of the funds available was kept in the bank for interest earning and future promising up good projects.

## FUTURE PROSPECTS

The business environment in the next six months is expected to be difficult. The Board of Directors will continue to scrutinize potential investment opportunities with diligence and caution.

## EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

## DIRECTORS' INTERESTS IN SHARES

At 30th June, 2002, none of the directors and executives had any interest in the shares of the Company and its associated corporations (within the meaning of the Hong Kong Securities (Disclosures of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company.

None of the directors and executives (including their spouse and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company during the period and up to the date of this report.

At no time during the period and up to the date of this report was the Company, or its subsidiaries a party to any arrangements to enable the directors or executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.