

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2002 (six months ended 30th September, 2001: Nil).

BUSINESS REVIEW AND OUTLOOKS

For the six months ended 30th September, 2002, the Group reported a loss of approximately HK\$11,351,000 as compared with a loss of approximately HK\$2,602,000 for the same period last year. All of the Group's turnover and contribution to operating results are attributable to investment activities which are mainly in Hong Kong.

During the period under review, the Group has continued to consolidate the investment portfolio. Cash reservation policy has been stressed and some listed investments in the portfolio have been liquidated, resulting in the realization of loss in the reported period. The disposal of those investments was made after careful evaluation in considering their unfavorable earning outlook by the Directors amid the adverse and stagnant stock market condition. Part of the proceeds raised from the disposal were used for new investments during the period. At 30th September, 2002, approximately 25% of the value of the Group's investments was in a portfolio of listed securities and 75% in unlisted investments. The Group had no bank loan at the period end.

The economy of Hong Kong is still suffering from the sluggish performance of the US economic recovery. The uncertainties and unfavorable factors across the world amid the possible war in Gulf region and the terrorist attacks have significantly dampened the investment sentiment in the global equity market. Fixed income treasury market and commodity market, including the gold and the oil bourses all became the safe heaven and the flight for quality by international capitals. The equity market in Hong Kong, in line with the rest of the world, inevitably harshly smashed and Hang Seng Index had dropped by 8.8% year on year for the reported period. The Hong Kong Growth Enterprise Index even slashed by 29.6% year on year for the corresponding period.

The Directors of the Company envisage that Hong Kong is still undergoing an economic restructuring with the continued liberalization of economic and financial system in the PRC. The launch of QFII policy in December has marked a significant milestone to the capital market reform in the PRC. The Directors foresee that with the ongoing implementation of QDII policy and CDR in the future, the position of Hong Kong as the vital financial arm of the PRC will be further strengthened, enhancing more favorable investment opportunities to the Group and the benefits to our shareholders.