

INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 30th September, 2002 (six months ended 30th September, 2001: Nil).

INTERIM RESULTS

For the six months ended 30th September, 2002, the Group reported a turnover of HK\$11,591,000 and a net loss of HK\$631,000 compared to HK\$162,307,000 and HK\$15,034,000 respectively for the corresponding previous period. Loss per share was HK0.02 cents. The reductions in the Group's turnover and net loss were primarily due to the Company's disposal of its remaining 51% interest in the loss-making pharmaceutical, health products and foodstuffs operations in November 2001, with the effect that the Group has since ceased to consolidate the results of these operations.

BUSINESS REVIEW AND PROSPECTS

During the six months ended 30th September, 2002, the Group continued to engage in the four major business segments, namely, provision of finance, trading and investment in securities, property holding and investment, and investment activities. The Group's subsidiary engaged in the business of GPS-based public security systems and devices is in the course of setting up its manufacturing facilities in the PRC and production is scheduled to commence next year. At the period end date, the asset portfolio of the Group remained largely unchanged from that disclosed in the Company's 2001/2002 Annual Report.

For the period under review, the Group's financing and property operations continued to report satisfactory results whereas the securities and investment activities incurred small losses. Profit from the financing segment grew substantially to HK\$6,618,000 compared to HK\$1,437,000 for the previous period. The size of the Group's loan portfolio has further expanded and the Board is optimistic that the financing operation will continue to contribute positively to the Group's results. The property operations recorded a profit of HK\$835,000 compared to HK\$176,000 for the prior period. The profit growth of this segment was attributed to additional rental income derived from increased occupancy of the Group's properties during the period. The securities and investment activities recorded losses totalling HK\$1,731,000, representing mainly operational expenses incurred during the review period.

The Group has been successful in reducing its loss position substantially through disposal of some under-performing assets and adoption of various cost-cutting measures. The next goal of the management is to consolidate the Group's existing businesses and to develop new business ventures aiming to improve return to shareholders. Mainland related investments now represent a significant portion of the Group's investment portfolio. In view of the continuing strong growth of the PRC economy, the Board is optimistic that these investments will generate favorable return and pose a positive thrust to the Group's future results.

As at 30th September, 2002, the Group employed a working team consisting of about 20 directors and staff, they are remunerated according to their job nature, general market trend and work performance.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's liquidity position continued to be strong with net current assets amounted to HK\$441,736,000 as at 30th September, 2002 (at 31st March, 2002: HK\$438,202,000). The Group was also in net cash position, bank balances and cash net of bank borrowings amounted to HK\$146,495,000.

The Group's bank borrowings bore commercial interest at floating rates and were denominated in Hong Kong dollars, at the period end date, the Group had unutilized banking facilities of about HK\$4,500,000.

Foreign Currency Management

The Group's foreign currency transactions are mostly denominated in Renminbi. As the exchange rate of Hong Kong dollars to Renminbi has been relatively stable, the Board is of the view that the Group's exposure to exchange rate risk is not significant.

Commitment

As at 30th September, 2002, the Group had an outstanding commitment of HK\$182,868,000 representing the total consideration in respect of the acquisition of part of the shopping mall of Metropolitan Plaza situated in Shenzhen, the PRC. On 16th December, 2002, the Group entered into a supplementary agreement with the vendors to change the timing of payments of the total consideration. Details of this are set out in the Company's announcement dated 16th December, 2002. The Group presently has sufficient internal financial resources to satisfy this outstanding commitment, however, the Board may consider external borrowings to finance part of the commitment depending on future funding requirements.

Shareholders' Funds

The shareholders' funds of the Group amounted to HK\$503,485,000 as at 30th September, 2002 (at 31st March, 2002: HK\$504,116,000), equivalent to a net asset value of HK16 cents per share of the Company.