

INTERIM DIVIDEND

The Board has resolved not to declare the payment of any interim dividend for the six months ended 31st October 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 31st October 2002, the turnover of the Group amounted to approximately HK\$4,318,000 representing a 60.4% decrease as compared to HK\$10,907,000 of last corresponding period. Such decrease was mainly attributable to decrease in trading of the short term listed investments.

The Group's unaudited consolidated operating loss recorded approximately HK\$20,796,000 (loss for 2001: HK\$62,149,000), decreased by approximately 66.5% as compared to last corresponding period. Such decrease was mainly due to the provision for impairment loss on short term listed investment amounted to approximately HK\$48 million in the last corresponding period. The unaudited consolidated loss absorbed by shareholders for the period was approximately HK\$53,699,000 (loss for 2001: HK\$104,140,000) and the loss per share was 1.28 HK cents (2001: loss per share 2.83 HK cents).

Liquidity and Capital Resources

As at 31st October 2002, the Group has total financial borrowings of approximately HK\$587.9 million. (2002: HK\$587.1 million) which comprised of short term bank borrowings and overdraft of approximately HK\$111.8 million (2002: HK\$111 million), unsecured promissory notes of approximately HK\$357.2 million (2002: HK\$357.2 million) and other secured and unsecured borrowings of approximately HK\$118.9 million (2002: HK\$118.9 million). Of these borrowings, approximately HK\$162.8 million (2002: HK\$162 million) is secured by a charge over certain investment property of the Group and short term listed investments. As the Group reported a consolidated deficiency in asset of HK\$787.6 million (2002: HK\$733.5 million) as at 31st October 2002, the calculation of the gearing ratio of the Group is not applicable.

As at 31st October 2002, the Group has consolidated net current liabilities of HK\$869.9 million (2002: HK\$818.3 million) and deficiency in assets of HK\$787.6 million (2002: HK\$733.5 million). Subsequent to the interim balance sheet and upon the completion of the Restructuring Proposal on 16th December 2002, the Group's financial position is restored from the consolidated net liabilities to a proforma consolidated net asset value of approximately HK\$7.2 million. For detail of the Restructuring Proposal, please refer to Note 15 Post Balance Sheet Event.

Liquidity and Capital Resources *(continued)*

At present, the Group does not have any capital commitment for capital expenditure or investment purpose. The management may look into the equity or debt market for raising additional funds and working capital whenever appropriate.

Currently, the Group does not adopt any monitoring procedures in relation to the foreign currency exposure as the management considers the exposure risk as minimal. The management will consider adoption of foreign currency exposure policy when appropriate.

Remuneration Policy and Share Option Scheme

Under the share option scheme of the Company approved by the shareholders in the annual general meeting held on 27th October 1998, the Board may, at their discretion, invite any full-time employees, including full-time executive directors, of the Group to take up options to subscribe for ordinary shares of the Company subject to the terms and conditions stipulated in the scheme. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company. The option holders are entitled to subscribe for ordinary shares in the capital of the Company at any time from the date of acceptance to any date prior to the tenth anniversary of such date. During the period under review, no share option has been granted, and as at 31st October 2002, the Company has no outstanding share options.

The Group has 5 employees as at 31st October 2002. Remunerations were reviewed periodically in accordance with market situations and the performance of individual staff.

BUSINESS REVIEW AND PROSPECTS

The Group's operations have been reduced to the trading in listed securities and provision of management services such as property management and other administrative services to a commercial development property project in Malaysia.

The Group has arranged trading credit facility to revive its securities trading business, the Board expects that its securities trading activity can be resumed to a satisfactory level in a relatively short time by utilizing part of the proceeds from the Restructuring Proposal.

Currently, a review is taking place on the financial position and operations of the Group, including the assets and liabilities position of the subsidiaries, in order to formulate long term business plans and strategies for the Group. Throughout the review, the Board will analyze the strengths and weaknesses of each of the previously engaged activities to identify areas that may still have a niche or can provide synergy with other business activities of the Group.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

In the short term, the Group will focus on trading in listed securities and provision of property management services. Subject to the market situation and availability of financial facility, the Group is looking for property investments in Hong Kong and the PRC. The Board believes that the PRC's accession to the World Trade Organization will provide considerable attractions to foreign investments in the PRC, which may bring to significant growth in the property market, and the Board will capitalize their management expertise and business connection to exploit the potential investment opportunities in properties and related industry in the PRC in the long term.

CHANGE IN DIRECTORSHIPS

Upon completion of the Restructuring Proposal on 16th December 2002, all existing executive directors, namely Mr. Chan Fat Chu, Raymond and Mr. Chan Fat Leung, Alexander, and independent non-executive directors, namely Mr. Yoshiyuki Nagaoka and Mr. Chow Siu Ngor have resigned and Mr. Cheung Yu Shum, Jenkin and Mr. Lee Kin Chung, Simon have been appointed as executive directors and Mr. Shum Ka Hei and Mr. Cheung Man Yau, Timothy have been appointed as independent non-executive directors.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31st October 2002, the interests of the directors of the Company and their associates in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under section 31 or Part 1 of the Schedule to that Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein were as follows:

Interest in shares in the Company

Name of director	Type of interests	No. of ordinary shares of par value of HK\$0.025 each
Mr. Chan Fat Chu, Raymond <i>(Note 4)</i>	Corporate <i>(Note 1)</i>	180,881,652
	Personal <i>(Note 2)</i>	304,347,408
Mr. Chan Fat Leung, Alexander <i>(Note 4)</i>	Corporate <i>(Note 1)</i>	180,881,652
	Personal <i>(Note 3)</i>	260,889,408

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(Continued)*

Notes:

1. These shares are held by Falcon Investment Company Limited ("Falcon"), a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Messrs. Chan Fat Chu, Raymond and Chan Fat Leung, Alexander and their family members. Messrs. Chan Fat Chu, Raymond and Chan Fat Leung, Alexander are deemed to be interested in these shares in accordance with the SDI Ordinance as Falcon is accustomed to act in accordance with their directions or instructions.
2. These shares are held by Regent Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Chan Fat Chu, Raymond.
3. These shares are held by Admiralty Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Chan Fat Leung, Alexander.
4. Both Mr. Chan Fat Chu, Raymond and Mr. Chan Fat Leung, Alexander resigned as directors of the Company effective from 16th December 2002.

Save as disclosed herein, none of the directors and their associates has any interests in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance).

Subsequent to the interim balance sheet date and upon the completion of the Restructuring Proposal on 16th December 2002. Perfect View, a company wholly owned by Mr. Cheung Yu Shum, Jenkin who was appointed as executive director of the Company on 16th December 2002, became the major controlling shareholder of the Company. Please refer to section Substantial Shareholders below.

In addition, by a conditional sale and purchase agreement dated 20th September 2002, which was subsequently completed on 18th December 2002, Perfect View became the beneficial owner of 2,500,000 preference shares of the Company, representing 98% of the total outstanding preference shares of the Company. Subsequent to the completion of the conditional sale and purchase agreement, Perfect View acquired further 1,000 preference shares under the Restructuring Proposal and on 30th December 2002, Perfect View disposed 1,863,000 preference shares to an independent third party. As at the date of this interim report, Perfect View holds 638,000 preference shares of the Company representing approximately 25% of total outstanding preference shares.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Company's share option scheme adopted on 27th October 1988, no rights were granted to the Directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

No option was granted to any of the Directors of the Company during the period under review pursuant to the existing share options scheme as mentioned above. As at 31st October 2002, there were no share options outstanding which entitle any of the Directors of the Company to subscribe for shares in the Company.