

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2002 (2001: Nil).

BUSINESS REVIEW AND PROSPECTS

The operating environment remained difficult for the Group for the period. Coupled with the operating cycle of the Group's property development business and the lack of contribution from the new business engaged by the Group. The Group's turnover had substantially reduced to HK\$3,563,000, down 85% compared to the same period of the previous year. However, since the cost of sales had a corresponding decrease by 91%, net loss attributable to shareholders had slightly reduced by 8% to HK\$26,996,000. During the period, the Group continued to operate the businesses relating to infrastructure investments and trading apart from property development.

The outbreak of atypical pneumonia at the end of the first quarter of 2003 has imposed a great impact to the already sagging global economy, and China and Hong Kong are no exception. However, as the pestilence has gradually been under control and with the outcome of mixed signal of recovery from the United States economic indicators, expectedly the global economy will be benefited and our business environment will thus be improved as a result. Recently our Fairyoung Building, which is located at the junction of Pudong Avenue and Taolin Road, Pudong, Shanghai, the People's Republic of China ("PRC") has been offered for sale. It is anticipated that the financial position of the Group will improve.

As the China economy is on an upward trend and the disposable income in the PRC is on the increase, the Group regards the hotel-related business a good business opportunity and has thus recently acquired 南漳水鏡湖度假村酒店, which is located in Xiang Fan City, Hubei Province, PRC. The acquisition will not only strengthen the Group's hotel and property management and development business, but also contribute steady income to the Group.