



DISCLOSURE OF ADDITIONAL INFORMATION

Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

In respect of geographical segment reporting, turnover is based on the countries in which the customers are located.

(a) Business segments

The Group is comprised of the following main business segments:

- Trading of motor vehicles – Purchase and sales of motor vehicles
- Property investment – leasing of office premises

Six months ended 30 June 2003

	Trading of motor vehicles HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Inter- segment elimination HK\$'000	Group HK\$'000
Segment revenue					
Revenue from external customers	4,284	-	-	-	4,284
Inter-segment revenue	-	360	-	(360)	-
Other revenue from external customers	238	1	-	-	239
Total	4,522	361	-	(360)	4,523
Segment result	(948)	263	(436)	-	(1,121)
Inter-segment transactions	360	(360)	-	-	-
Contribution from operations	(588)	(97)	(436)	-	(1,121)
Interest income					1
Finance costs					(1,032)
Loss before taxation					(2,152)
Taxation					-
Loss attributable to shareholders					(2,152)
Segment assets	10,270	16,894	64	(8,100)	19,128
Tax recoverable					13
Total assets					19,141
Segment liabilities	15,725	8,184	10,541	(8,100)	26,350
Bank loan					8,317
Tax liabilities					-
Total liabilities					34,667
Other information					
Bad debt recovered	144	-	-	-	144
Depreciation and amortization for the Period	(1)	-	-	-	(1)
Impairment loss on land and buildings	-	-	-	-	-
Deficit arising on revaluation of investment properties	-	-	-	-	-
Capital expenditure	-	-	-	-	-

	Six months ended 30 June 2002				
	Trading of motor vehicles HK\$'000	Property investment HK\$'000	Unallocated HK\$'000	Inter- segment elimination HK\$'000	Group HK\$'000
Segment revenue					
Revenue from external customers	5,102	-	-	-	5,102
Inter-segment revenue	-	360	-	(360)	-
Other revenue from external customers	99	185	-	-	284
Total	5,201	545	-	(360)	5,386
Segment result	(1,735)	351	(476)	-	(1,860)
Inter-segment transactions	360	(360)	-	-	-
Contribution from operations	(1,375)	(9)	(476)	-	(1,860)
Interest income					22
Finance costs					(892)
Loss before taxation					(2,730)
Taxation					-
Loss attributable to shareholders					(2,730)
Segment assets	24,553	23,966	173	(9,800)	38,892
Tax recoverable					-
Total assets					38,892
Segment liabilities	28,387	9,895	11,615	(9,800)	40,097
Bank loan					8,550
Tax liabilities					3,739
Total liabilities					52,386
Other information					
Bad debt recovered	96	-	-	-	96
Depreciation and amortization for the Period	(13)	-	-	-	(13)
Impairment loss on land and buildings	-	-	-	-	-
Deficit arising on revaluation of investment properties	-	-	-	-	-
Capital expenditure	-	-	-	-	-

Segment assets consist primarily of fixed assets, properties, inventories, receivables, operating cash, net of allowance and provisions while most such assets can be directly attributed to individual segments.

Segment liabilities comprise bank overdrafts and operating liabilities.

Inter-segment revenue eliminated on consolidation represents inter-company rental charges on a property owned by the Group.

Inter-segment transactions were conducted at arm's length.

(b) Geographical segments

The Group's operations are located in Hong Kong and China. The Group's trading of motor vehicles is carried out in Hong Kong and China. Property investment is located in Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		China		Group	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	733	3,917	3,551	1,185	4,284	5,102
Segment assets	18,008	37,775	1,120	1,117	19,128	38,892
Capital expenditure	-	-	-	-	-	-
Operating loss	(192)	(1,428)	(929)	(432)	(1,121)	(1,860)

Contingent Liabilities

At 30 June 2003, contingent liabilities not provided for in the interim results were banking facilities amounting to HK\$21,640,000 (31 December 2002: HK\$23,409,000) guaranteed by the Company which were utilized by its subsidiaries.

Related Party Transactions

Except for the disclosure in the note 8 to financial statements, there were no related party transactions in the Period (Last Period and the year ended 31 December 2002: nil).

Significant Issues

During the Period, there was no significant investment and material acquisitions or disposals of subsidiaries or associated companies. Also, there is no plan for material investments or capital assets in the near future mainly because of the Group's limited funding position.

Since all the purchases of our merchandise had been fixed at an agreed exchange rate prior to the confirmation of purchase orders by the Group to its vendors, the Group had no exposure to fluctuation in exchange rates and any related hedges. Furthermore, the Company and the Group had no significant commitments during the Period (Last Period and the year ended 31 December 2002: nil).

Directors' Interests in Contracts

Except as disclosed in the note 8 to financial statements, none of the Directors had a significant beneficial interest in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the Period (Last Period and the year ended 31 December 2002: nil).

Directors’ Interests in Share Capital of the Company

At the end date of the Period, the interests of the Directors in the share capital of the Company and its associated corporations, as recorded in the register required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDIO”), were as follows:

(i) The Company:

Name of Directors	Number of shares held (other interest)
Chan Chun Choi	110,377,586
Lam Mo Kuen, Anna	110,377,586

The above shares are held by Eternal Victory Enterprises Inc. (“EVEI”), a company incorporated in the British Virgin Islands, as trustee of a unit trust, the units of which are held by a discretionary trust established for the family members of Chan Chun Choi, including Lam Mo Kuen, Anna. Chan Chun Choi holds all the issued share of EVEI.

(ii) Associated Corporations:

Names of associated corporation	Name of directors	Number of shares held	Class of shares	Type of interest
Victory Motors Centre Limited	Chan Chun Choi	100,000	Non-voting deferred	Personal
		2,800,000	Non-voting deferred	Corporate (Note)
Victory Motors Centre Limited	Lam Mo Kuen, Anna	100,000	Non-voting deferred	Personal
		2,800,000	Non-voting deferred	Corporate (Note)

Note: The 2,800,000 non-voting deferred shares are held by Kwong Hung Hing Enterprises Company Limited of which Chan Chun Choi and Lam Mo Kuen, Anna together hold the entire issued share capital.

Save as disclosed above, none of the Directors or their associates had any personal, family, corporate or other interest in the equity or debt securities of the Company or any of its associated corporations, as defined in the SDIO.

Pledge of Assets

The Group's land and buildings and investment properties with an aggregate net book value of HK\$16.8 million (31 December 2002: HK\$19.6 million) were pledged to secure bank loans and overdraft of the Group.

Major Customers and Suppliers

In the Period under review, the aggregate turnover attributable to the five largest customers of the Group accounted for approximately 79 per cent of the Group's turnover for the Period and sales to the largest customer included therein amounted to about 45 per cent.

The aggregate purchases attributable to the four suppliers accounted for the total 100 per cent of the Group's purchases for the Period and purchases from the largest supplier included therein amounted to approximately 98 per cent. None of the Directors and their respective associates or any shareholders (which to the knowledge of the Directors own more than 5 per cent of the Company's issued share capital) have interest in the Group's five largest customers and five largest suppliers.

Employees

As at 30 June 2003, the Group had a total of 10 employees (Last Period: 18 employees), of whom 9 were based in Hong Kong and 1 was employed in China. The remuneration package for Hong Kong staff was strictly on monthly-salary basis and that for mainland employee was mainly based on the performance. Year-end bonus is linked to the financial results of the Group as well as the performance of individual staff. The remuneration policies of the Group's employees are subject to review regularly. Total staff costs for the Period were about HK\$0.76 million (Last Period: HK\$1.53 million). On irregular but necessary basis, the Company organises product seminars, salesmanship and computer training courses and recreational activities.

Other than the Mandatory Provident Fund, the Group does not operate any pension or retirement schemes for its Directors or employees. No options were ever granted under a share option scheme, which was duly approved by the shareholders on 22 January 1998, available for any full time employees of the Company or any of its subsidiaries, including any executive directors of the Company or of any subsidiaries.

Purchase, Sale or Redemption of Shares in the Company

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the Period (Last Period and the year ended 31 December 2002: nil).

Corporate Governance

None of the Directors is aware of any information that would reasonably indicate that the Company had not complied with the Code of Best Practices as set out in Appendix 14 of the Listing Rules of the Stock Exchange during the Period. The Company's audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited interim accounts for the Period.

Ultimate Holding Company and Substantial Shareholders

The Directors consider the ultimate holding company at 30 June 2003 to be EVEI. During the Period, no persons other than EVEI, details of whose share interests are set out under the section headed "Directors' Interests in Share Capital of the Company", were registered as having an interest of 10% or more in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDIO.

On behalf of the Board
Chan Chun Choi
Chairman

Hong Kong, 8 September 2003