

INTERIM DIVIDEND

The Board of Directors resolved that no interim dividend was declared for the period ended 30 June 2003 (2002: Nil).

NEW SHARE OPTION SCHEME

The Company's share option scheme which was adopted on 31 May 2001 (the "Old Scheme") was terminated and replaced by a new share option scheme (the "New Scheme") on 30 June 2003. The Company has adopted the New Scheme granting share options to the selected eligible persons as incentives or rewards for their contribution to the Group at the Annual General Meeting held on 30 June 2003. During the period no share options has been granted and exercised.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

Review of operations

The Company's principal activity continued to be investment holding whilst its subsidiaries are mainly engaged in property investment and development, information technology and other investment activities.

The Group's results for the six months ended 30 June 2003 under review generally reflected the unfavourable economic environment and the outbreak of Atypical Pneumonia ("SARS") has further weakened the consumer confidence. The Group recorded a consolidated turnover of HK\$103,930,000, decrease of 22.9% in comparison with corresponding period of last year. Loss attributable to shareholders amounted to HK\$12,064,000 as compared to profit attributable to shareholders amounted to HK\$7,234,000 in the previous corresponding period of last year.

Property

The Group's property development and investment business, comprising commercial, industrial and residential projects in Malaysia, China and Hong Kong recorded a turnover of HK\$8,482,000 accounting for 8.2% of total turnover. Construction of the Group's property project in China and Malaysia progressed as planned during the period under review.

The commercial premises and car parks owned by the Group at Hanzhou Gangchang, Shanghai has continually recorded satisfactory occupancy rate and has made stable contribution to the Group's recurrent income for the period under review.

At the same time, occupancy at our investment properties, including prime office, industrial and residential premises remained high. In particular, our hypermarket complex at Johor Bahru recorded an average occupancy rate of over 90% during the period, bringing stable and recurrent returns to the Group.

Information Technology

The performance of the Group's information technology arm Xswim (Holding) Limited ("Xswim") was affected by SARS. Its turnover was dropped by 18.4% to HK\$89,545,000 in comparison with the corresponding period of last year.

Other Investments

During the period, the Group has stopped all of its environmental business operation that no further material provision was made.

During the period, the Group's financial business recorded a turnover of HK\$5,883,000 that it generated a satisfactory contribution in compare with the corresponding period of last year. However, the performance of our financial intermediary which engaged in the provision of a range of financial services was still affected by the unfavourable economic environment and it incurred a material loss during the period.

In May 2003, we have disposed the Group's entire interests in Grandy Applied Environmental Technology Corporation for a consideration of HK\$3,629,000 and it was completed on 13 May 2003.