

## PROSPECTS

With a relatively high unemployment rate, consumer spending continues to be cautious and the sluggish economy will prevail for some time. In view of these, the Group will continue its stringent approach in scrutinizing potential investment opportunities.

The Group will strive to invest in listed and unlisted companies with growth potential, strong track record, competent management, high level of technical expertise or research and development capabilities. With respect to unlisted investments, the Group seeks to identify those companies having the potential to list on the Hong Kong Stock Exchange or an overseas recognized stock exchange, with a view to achieving medium to long-term capital appreciation.

Looking ahead, the general economic outlook appears positive particularly as there is a strong rebound in tourism after the SARS outbreak during the first half of 2003 and the recent increase in visitors from the Mainland. It is hoped that with the implementation of the Closer Economic Partnership Arrangement, the economy will regain its growth momentum becomes more positive for the Hong Kong based stocks.

## EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

## CONTINGENT LIABILITIES

As at 30th June 2003, the Group had no significant contingent liabilities.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries have purchased or sold any of the Company's shares during the period.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30th June, 2003, none of the directors and chief executive had any interest in and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company.

None of the directors and executives (including their spouse and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company.

At no time during the period was the Company, its associated companies, or its subsidiaries a party to any arrangements to enable the directors or chief executives of the Company to acquire any interests or short positions in the shares, underlying shares or debenture of, the Company or its associated corporations.