

GROUP'S PROSPECTS FOR NEW BUSINESS

Looking ahead to the remaining period in 2003, the Board plans to acquire new business in bio-chemical products and technology development. In view of the increasing needs for bio-chemical products and as people are paying more attention to personal healthcare, the Group is seeking new business partners and identifying appropriate investments. The Group expects this kind of business will yield high return in the years to come.

SIGNIFICANT INVESTMENTS HELD AND THEIR PERFORMANCE

The Group still operated in a difficult environment in the past six months but managed to have an unrealised gain of HK\$2,301,950 from its listed securities. However, the Company made a provision of HK\$3,322,600 for impairment losses on investment securities due to unsatisfactory operating results of certain investee companies. In addition, the impact of SARS has adversely affected the operating results of the Group's investments in associated companies. The numbers of visitors for the theme park of Teddy Bear Kingdom in Hong Kong and the Chinese Medicine Valley in Zhuhai in the People's Republic of China ("PRC") have significantly reduced which resulted in total losses of HK\$2,410,530 from these associated companies shared by the Group.

During the period, the Group received a cash dividend of HK\$1,500,000 from One.Tel Holdings Limited and HK\$731,657 from other listed and unlisted investments. Interest income of HK\$294,085 was received from the convertible bonds held and HK\$2,321,863 was received from a short term loan. Provisions during this period were also made based on impairment losses on investment securities, amounting to HK\$3,322,600. Of this amount, HK\$3,000,000 was provided for the investment in Fullpower Holdings Limited, a car beauty and related service that had deteriorated due to SARS.

There has not been any significant change in the investment portfolio during the period under review except for a new investment acquired and loans extended. In this period, the Group has acquired a convertible bond of HK\$10,000,000 which was issued by a furniture trading company in Hong Kong. In addition, the Board also decided to advance a short term loan of HK\$16,000,000 to the shareholder of a company which is the largest decorative sheet manufacturer in the PRC.