

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2003 (six months ended 30 June 2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2003, turnover of the Group amounted to HK\$17,127,000 (30 June 2002: HK\$31,533,000). Net loss for the period was HK\$71,136,000 (30 June 2002 net profit was HK\$36,669,000) and loss per share was HK\$0.52 (30 June 2002 earnings per share: HK\$0.35).

During the period, the Group continues to engage in investment in securities and property investment. Due to the trading environment deteriorating, one of the wholly owned subsidiary of the Company which is principally engaged in the trading of handbags ceased operation and has no contribution to the Group's total revenue.

Revenue from investment in securities amounted to HK\$13,476,000 representing approximately 78.7% of the Group's total revenue. As at 30 June 2003, the carrying value of the investment in China Gas Holdings Limited ("China Gas") amounted to HK\$60,689,000 and it represented approximately 6.8% interest in China Gas.

During the reporting period, rental income from 1 Lyndhurst Tower amounted to HK\$3,651,000, representing 21.3% of the Group's total revenue and over 60% of the total gross floor area was leased out.

Financial Review

Liquidity and Financial Resources

The Group has a current ratio of approximately 0.96 compared to that of 1.75 as at 31 December 2002 and the gearing ratio was 1.29 compared to that of 0.85 as at 31 December 2002. The calculation of gearing ratio was based on the total borrowing of HK\$171,148,000 (of which HK\$20,400,000 bears fixed interest rate and HK\$150,748,000 bears floating interest rate) and the net assets of HK\$132,204,000 as at 30 June 2003.

There were no significant capital commitments as at 30 June 2003 which would require a substantial use of the Group's present cash resources or external funding.

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are denominated in Hong Kong dollars.