INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2003 (2002: Nil).

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's turnover in the first half year amounted to around HK$2.28 million. Compared with the corresponding period in last year, there was a decrease of around HK$1.81 million or 44%. In this interim period, the Group did not do general trading. Moreover, the Group disposed of office premises in Beijing in August 2002. So, there was no rental income generated from properties in China. Amongst the turnover, around HK$2.24 million came from commission income of securities and futures businesses.

The Group recorded a net loss of around HK$8.93 million in the first half year. The loss decreased by around HK$1.83 million as compared to that of corresponding period in last year. The Group successfully controlled its administrative and operative expenses during the period. Both the salary and rental expenses dropped significantly. Following the cessation of production of computer-aided-design systems and machinery in year 2000, some stock was subsequently sold. In respect of inventory comprising raw materials, work-in-progress and finished goods totaling in net value of around HK$1.98 million, full provision was made against it in this interim period. From dates of acquisition to end of this interim period, the net losses of securities and future business were of total amount about HK$0.58 million.

The Group completed the acquisition of 100% shareholding of a company (Artway Development Limited) in April 2002. The company indirectly held 39.2% interest in a piece of land at Chaoyang district in Beijing. The consideration was HK$195 million. To reflect the Group's capital structure more equitably and objectively, HK$195 million intangible assets as at 31 March 2003 was now reclassified as interests in associates.

Moreover, in April 2003, the Group disposed of a vacant factory in Shanghai. With sales proceeds of RMB4.5 million, there was a net profit on disposal of around HK$0.51 million. In the interim period, the net losses on investments of foreign currency and futures were of total amount around HK$1.08 million.

To further diversify the Group's businesses, the Group acquired 95 % shareholding of a securities broker company and a futures broker company in May 2003. The total consideration was around HK$22.73 million.

As at 30 September 2003, the Group did not have any bank loan. The liquidity of fund was maintained at healthy level. Fund at banks and in hand aggregated to about HK$64.54 million. Compared with 31 March 2003, it increased by about HK$44.64 million. Amongst this, around HK$37.98 million was from placing taking place in the interim period. To strengthen the Group's cash flow and to make funds available for investment opportunities in the future, the Company raised fund of about HK$37.98 million from the stock market by placing 323 million of the Company's shares to independent third parties. The placing was completed in July 2003.

As at 30 September 2003, the Group held unclosed foreign currency and futures contracts totaling to HK$10.89 million.

In July 2003, a convertible notes holder converted HK$51 million convertible notes to 425 million shares of the Company. As at 30 September 2003, the face value of convertible notes was HK$24 million. As at 30 September 2003, the Group's net assets value was around HK$266.02 million.

With effect from 7 November 2003, Louis Leung & Partners CPA Limited resigned from office of auditors of the Group. From 24 November 2003, KPMG was appointed as the auditors and their office will continue until the next Annual General Meeting.

Prospects

War in Iraq and Severe Acute Respiratory Syndrome (SARS) attacked economies of most countries in the world. The unstable business environment made operations in this interim period full of challenges.

War in Iraq had already ended and SARS was under control. The negative effects were short term only. Hong Kong and the Mainland signed Closer Economic Partnership Arrangement (CEPA) in July of this year. Soon, China implemented the "individual visit" scheme, lifted maximum limit of foreign currency that mainlanders can bring to Hong Kong and allowed bankers of Hong Kong to operate four types of RMB businesses. These made Hong Kong's economy recover quickly. In addition, China and Hong Kong Governments determined to construct a bridge linking "Hong Kong, ZhuHai and Macau". Traffic flows as well as economies will be greatly fostered. In November of this year, Hong Kong Stock Exchange set up its office in Beijing. The financial status of Hong Kong could further be firmly developed in Mainland China.

With recovery of Hong Kong's economy and introduction of aforementioned measures and initiatives, the Group's securities and futures businesses will prosper further. At the same time, the Group is capturing the confronting opportunities to explore Hong Kong and China estate markets so as to invest in potential properties projects. The Group will also continue its efforts to develop other businesses such as retailing and trading.

Land in Beijing is located along Dong San Huan. It is next to central business district and the light rail project site. The location is superior and the traffic flow is good. The Group plans to build on it a multi-purpose commercial complex with commercials, offices and hotel.

The Group, positioning itself in Hong Kong and China will have its performance largely related to macro climate of China and Hong Kong. Looking ahead, China is one of the countries that is boosting in economic growth. The other favourable factors include China's accession to World Trade Organisation (WTO), Beijing's successfully bid for 2008 Olympic Games, Shanghai's winning to hold 2010 World Exposition and the under construction of the Main Theme Park of Disney in Hong Kong. The Group is confident with mid term and long term development. The Group will grasp China's numerous opportunities during the persistently growing economy. Based on present foundation, the Group will diversify its businesses internationally to bring in fruitful returns for shareholders.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2003, the Group employed a total of approximately 25 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. There is no share option scheme established for employee by the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 30 September 2003, the interests of the directors, chief executive or their associates in securities of the Company or its associated corporations as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

	Personal interests *Number of shares*	**Corporate interests** *Number of shares*
Mr. Wong Kwong Yu	36,003,500	1,170,000,000 *(see note on page 23)*

Other than as stated above, no director, chief executive or their associates held any interest, whether beneficial or non-beneficial, in the securities of the Company or any of its associated corporations as defined in the Securities (Disclosure of interests) Ordinance.