

## INTERIM DIVIDEND

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

## BUSINESS REVIEW AND OUTLOOKS

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For the six months ended 30th September, 2003, the Group reported a loss of approximately HK\$5,539,000 as compared with a loss of approximately HK\$11,351,000 for the same period last year.

During the period under review, the Group has continued to consolidate the investment portfolio objective of minimizing losses arising from unsound investments and strengthening its investments with stable revenue generating power. Cash reservation policy has been stressed and some listed investments and an associate in the portfolio have been liquidated, resulting in the realization of loss in the reported period. The disposal of those investments was made after careful evaluation in considering their unfavorable earning outlook by the Directors amid the adverse and stagnant stock market condition. Part of the proceeds raised from the disposal was used for new investments during the period. At 30th September, 2003, approximately 57% of the value of the Group's investments was in a portfolio of listed securities and 43% in unlisted investments. The Group had no bank loan at the period end.

Owing to the economic downturn due to the SARS epidemic outbreak and the Hong Kong economy suffered and weakened in the early 2003. Under such a difficult environment, the bearish sentiment has driven the Hang Seng index to a lowest 8,332 in five years.

After the SARS crisis has been controlled, the political instability over public demonstration in early July has ended. The Central Government had given supportive arrangements in order to restore the confidence in Hong Kong's economy. By introducing Closer Economic Partnership Arrangement ("CEPA") and the relaxation of mainland visitors to Hong Kong, the immediate reaction from the public is the return of investor confidence. The Hang Seng Index has been above 11,000 with substantial trading volume and hit its 16 months high by the ended of September.

The Directors of the Company envisage that Hong Kong's economy will benefit from the continued liberalization of economic and financial system in the PRC. The position of Hong Kong as the vital financial arm of the PRC will be further strengthened, enhancing more favorable investment opportunities to the Group and the benefits to our shareholders.

## CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group did not have significant capital commitment nor contingent liabilities as at 30th September, 2003.

## EMPLOYEES

As at 30th September, 2003, the Group has employed 6 employees (2002: 7 employees) and the total remuneration paid to staff was approximately HK\$783,000 (2002: HK\$643,000) during the period under review. The employees were remunerated based on their responsibilities and performance.

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

As at 30th September, 2003, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (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 were as follows:

Name of director	Number of shares				Total	Percentage of issued share capital
	Person interests	Family interests	Corporate interests	Other interests		
Ordinary Shares of HK\$0.01 each in the Company						
Mr. Wang Chun Lin (Note)	-	-	70,568,000	-	70,568,000	23.9%
Mr. Luk Cheong (Note)	-	-	70,568,000	-	70,568,000	23.9%

Note: Mr. Wang Chun Lin, the Chairman and Mr. Luk Cheong, a non-executive director of the Company beneficially own 6,600,000 and 6,800,000 ordinary shares of US\$1 each in Shen Gang Limited ("Shen Gang") representing 33% and 34% of the issue share capital of that company respectively. Shen Gang in turn owns 70,568,000 ordinary shares in the Company.

At no time during the period was the Company, its subsidiaries or its associated companies a party to any arrangements to enable the directors or executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporations.

Other than as disclosed above, as at 30th September, 2003, none of the directors and chief executives of the Company has, nor were they taken to or deemed to have under such provisions of SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.