

- (iv) On 8 November, 2003, the Company entered into a placing and subscription agreement with DBS Vickers (Hong Kong) Limited (the “Placing Agent”) and Heng Fung Holdings Limited (“Vendor”), a substantial shareholder of the Company. Pursuant to the placing and subscription agreement, the Vendor has agreed to place through the Placing Agent an aggregate of 160,000,000 shares to not less than six independent investors at a placing price of HK\$0.84 per share; and the Vendor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue up to 160,000,000 shares in cash at a subscription price of HK\$0.84 (the “Subscription”). The net proceeds of the subscription of about HK\$130,000,000 will be applied as to approximately HK\$78,000,000 for contribution of the enlarged registered capital of a subsidiary and as to the remaining balance as the general working capital of the Group. The Subscription is expected to be completed on or before 5 January, 2004.
- (v) On 20 November, 2003, the Group repaid other borrowings of HK\$50,180,000. The pledged land and buildings having a net book value of approximately HK\$34,479,000, investment properties having a net book value of approximately HK\$9,800,000, investments in securities having a carrying amount of HK\$5,490,000, properties held for development having a net book value of approximately HK\$36,200,000 and certain investments in subsidiaries were released accordingly.
- (vi) On 18 December, 2003, the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital of Energy Valley Investment Limited (“Energy Valley”), a wholly owned subsidiary of the Company, and the entire shareholder’s loan owed by Energy Valley to the Company for an aggregate cash consideration of HK\$60,000,000. Energy Valley is the beneficial owner of 55% equity interest in Zhengzhou Standard Petrochemical Company Limited which is principally engaged in the wholesale of refined petroleum, household liquefied petroleum gas, coal oil and diesel and the construction and operation of petrol stations in the PRC. A summary of the terms of this agreement is set out in an announcement of the Company dated 18 December, 2003.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 30 September 2003, turnover of the Group amounted to HK\$83,444,000 (six months ended 30 September 2002: HK\$4,950,000). Net loss of the Group was HK\$19,057,000 (six months ended 30 September 2002: loss of HK\$13,882,000) and loss per share was HK\$1.57 cents (loss per share for the six months ended 30 September 2002: HK1.57 cents).

The Group is principally engaged in investments in natural gas projects in the People’s Republic of China (the “PRC”). During the six-month period, the Group was actively expanded its investments in the PRC and successfully launched several fund raising exercises.