

**INTERIM DIVIDEND**

The Directors resolved not to declare an interim dividend for the six months ended 30 September 2003 (six months ended 30.9.2002: Nil).

**LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2003, the Group's total bank indebtedness was approximately HK\$156 million (31.3.2003: HK\$203 million) and the gearing ratio (defined as the Group's total bank borrowings divided by its total assets) was 50%.

**BUSINESS REVIEW AND PROSPECTS**

For the six months ended 30 September 2003, the Group had incurred loss of approximately HK\$15 million as compared with the loss of approximately HK\$30 million during the previous corresponding period. The reduction in loss was attributed mainly to the decrease in the provision for loss relating to disposals of the Group's properties during the period under review.

For the period ended 30 September 2003, turnover of the Group was approximately HK\$94 million, represented an increase of 32% as compared with the turnover of approximately HK\$71 million in the last corresponding period. Proceeds from sale of properties was HK\$87 million, accounting for approximately 92% of the total turnover, representing an increase of 48% as compared with the figure of approximately HK\$59 million in the preceding corresponding period. Rental income which accounted for approximately 6% of the total turnover of the current period was down from approximately HK\$9.9 million to approximately HK\$5.5 million, representing a decrease of 44% as compared with the last corresponding period. Building management fees contributed approximately HK\$1.5 million or only 2% of the total turnover, representing a decline of 39% as compared with last period of approximately HK\$2.5 million.

In consistent with the Group's policy, the Group had continued to dispose of certain of its investment properties during the period under review to reduce its overall liabilities to improve its liquidity. In April 2003, a wholly owned subsidiary of the Company entered into a legally binding provisional agreement with an independent third party to sell an investment property of the Group for a total consideration of HK\$61 million. The disposal was

completed in July 2003. In May 2003, another wholly owned subsidiary of the Company entered into a legally binding provisional agreement with an independent third party to sell an investment property of the Group for a total consideration of HK\$26 million. The proceeds arising from these disposals were applied towards repayment of the relevant bank loans of these subsidiaries.

During September 2003, certain subsidiaries of the Company entered into settlement agreements with two of the Group's banks under which the banks have agreed, conditional upon certain conditions being fulfilled, to deem the aggregate outstanding debts owing by these subsidiaries to have been fully discharged and released. As at 30 September 2003, the total amount of these debts in aggregate amounted to approximately HK\$43 million. As at the date hereof, as all conditions to completion of one of the settlement agreements have been satisfied, the outstanding debt amounting to approximately HK\$10 million in respect of the HK\$43 million is deemed to have been fully settled and discharged.

During the results period, the outbreak of SARS had clouded the economic activities and the people's livelihood of Hong Kong and other affected areas, and had much dampened the investing sentiments. In such unfavorable investment environment, buildings marketed by the Group during the period under review inevitably faced price pressures, and the satellite project the Group had invested had also failed to raise sufficient fund for its development as scheduled.

However, the Group's intention to improve its financial situation had not wavered amid deteriorating investment environment as the Group strived to sell-off its properties to alleviate financial commitments. During the period under review, the Group had sold two buildings for further debt-reduction and as a financial succor, laying a solid foundation for future development. In the days to come, apart from holding properties under its current operations, the Group will, sparing no effort, seek new line of investment and maximize return for the shareholders.