

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group are trading of textiles and property development.

BUSINESS REVIEW

General trading

During the six months ended 31 December 2003, the Group's trading division achieved a total turnover of HK\$10,808,000, representing an increase of 5% over the same period last year.

Property development

The re-development of Bowen Hill Apartments is still under progress and will be completed within one year. The returns from the re-development will improve the Group financial structure.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2003, net current liabilities of the Group were approximately HK\$201 million. The current ratio was 0.84. The cash and bank balances on hand was approximately HK\$14 million.

As at 31 December 2003, the Group has outstanding borrowings of approximately HK\$1,246 million comprising (i) secured bank loans and accrued interest and other borrowings cost on bank loans of approximately HK\$710 million, (ii) other loans, amount due to a shareholder and amount due to a director of subsidiaries of approximately HK\$480 million and (iii) other payables and taxation payable of approximately HK\$56 million. The bank borrowings are on floating interest rates basis.

The majority of the Group's assets and borrowings are denominated either in Hong Kong dollars or US dollars thereby avoiding exposure to undesirable exchange rate fluctuations. In view of the stability of the exchange rate of HK dollars and US dollars, the directors consider that the Group has no significant exposure to exchange fluctuation and does not pledge against foreign exchange risk.

The Group's bank loans were secured by leasehold land and buildings and properties under development held by the Group with a total net book value of approximately HK\$1,107 million. The issued ordinary shares of a wholly-owned subsidiary of the Company, Holyrood Limited, were also pledged to a bank to secure credit facilities granted to the Group.

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The Directors consider that it is not meaningful to publish a gearing ratio for the Group until such time as the Group is in a positive shareholders' equity position.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 31 December 2003, the Group had no material acquisitions and disposals of subsidiaries.

As at 31 December 2003, the Group had no material investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2003, the Group employed a total of 9 employees. They were remunerated according to market conditions.

CONTINGENT LIABILITIES

As at 31 December 2003, the Company has provided guarantees to banks in respect of banking facilities granted to its subsidiaries amounting to approximately HK\$705 million. The Company has also provided guarantee to a lender in respect of a term loan granted to its subsidiary amounting to approximately HK\$155 million.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of any interim dividend for the six months ended 31 December 2003.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

Name of director	Number of ordinary shares in the Company held as personal interests
Oung Shih Hua, James	5,000,000

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The interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 31 December 2003, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

According to the register maintained by the Company under Section 336 of the SFO, the Company was notified of the following interest representing 5% or more of the issued share capital of the Company as at 31 December 2003:

Name of shareholder	Number of ordinary shares	%
Five Star Investments Limited	267,815,017	50.70

The interests disclosed above represent long position in the shares of the Company.

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The interim financial report of the Group for the six months ended 31 December 2003 has not been audited by the Group's auditors, but has been reviewed by the audit committee.

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Law Fong
Acting Chairmen

Hong Kong, 23 March 2004