

Financial review

As at 30 June 2005, the total shareholders fund of the Group amounted to HK\$173.4 million, compared to HK\$179.9 million as at 31 December 2004. The debt ratio (based on the total liability over the equity) of the Group as at 30 June 2005 was 0.30 while the ratio as at 31 December 2004 was 0.35.

Total bank and other borrowings amounted to HK\$33.8 million and were mainly secured by legal charge on the Group's land and buildings, investment properties, time deposits and other forms of charges.

The Group has been unable to meet certain scheduled repayments due to its bankers and creditors during the six months ended 30 June 2005 and up to the date of this interim report. As a consequence, there are various lawsuits against the Group from a number of bankers for the repayment of the amounts due by the Group. Hence, bank and other borrowings of approximately HK\$33.8 million at 30 June 2005 are immediately due and payable.

Prospects

The Group has only retained its property investment in Malaysia. As the operating income of the Group continues to diminish, focus for the year will be on resolving the financial difficulties encountered by the Group. The Group will actively seek for potential investors and/or financing to strengthen its financial base and will restructure its existing operation to improve shareholder returns. The robust performance of the PRC's economy, together with improving conditions in Hong Kong and Malaysia are expected to set the Group well on track to succeed in its restructuring and future development.

Liquidity and Capital Resource

As at 30 June 2005, the net asset value of the Group was HK\$173.4 million. The Group's total bank and other borrowings were decreased by HK\$9.3 million from HK\$43.1 million to HK\$33.8 million while the loan from minority shareholders decreased slightly from HK\$0.02 million to HK\$0.019 million. The total bank and other borrowings of HK\$33.8 million is all repayable within one year.

As at 30 June 2005, the Group's debt ratio, which was calculated as a ratio of current liabilities plus non-current liabilities to total equity, was 0.30 which has no material change with that of the last financial year end.

For the six months ended in 30 June 2005, most assets, liabilities and transactions of the Group are denominated in Renminbi in ("RMB"), Hong Kong Dollars ("HKD") and Malaysian Ringgit ("MYR"). In view of the currency stability on RMB and MYR, they did not have a significant impact on the performance of the Group. Hence, the Group had not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate active to reduce the exchange risks.

Employees and Remuneration Policy

As at 30 June 2005, the Group has a total of 6 employees located in Hong Kong and Malaysia. They are remunerated according to the nature of the job market trends, with built-in merit components incorporated in annual review to reward and motivate individual performance.

Material Acquisitions and Disposals of Investments

During the six months ended 30 June 2005, there were no material acquisitions or disposals of subsidiaries or affiliated companies.

Directors' and Chief Executives' Interest and Short Position in Shares

At 30 June 2005, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the