

Interim Dividend

The Directors resolved not to pay an interim dividend for the six months ended 30th June, 2001 (six months ended 30th June, 2000: nil).

Business Review and Prospects

For the six months period ended 30th June, 2001, the Group reported a loss of approximately HK\$8,937,000 which was primarily a result of further provision made against the investment in a convertible loan note. There is increased uncertainty regarding the collectibility of the principal and accrued interest of this note and further provision was made against this investment after careful consideration by the Directors.

For the period under review, the Group's investment portfolio remained largely unchanged from the end of 2000. Returns from these investments decreased during the period and caused a drop of the Group's turnover. At 30th June, 2001, about 53% of the value of the Group's investments was in a portfolio of listed securities, 35% in unlisted investments, with the remaining 12%, equivalent to approximately HK\$5,941,000, placed with banks as time deposits. The Group had no bank borrowing at the period end.

The legal action referred to in the Company's 2000 annual report relating to the recovery of the principal and accrued interest of a convertible loan note from JRB Limited (formerly known as Koffman Limited) is still in progress.

The investment environment of Hong Kong in the coming months is expected to remain challenging in view of the slowdown of the economy. The Directors will remain cautious in managing the Group's investment portfolio, and when appropriate, restructure the portfolio in order to improve return to shareholders.

Employees

The Company has only one employee remunerated at market rate as the Company has appointed Haywood Investment Management Limited as the investment manager to provide investment management and administrative services for the Company, details of which was already set out in the Company's 2000 annual report.

Directors' Interests in Shares

As at 30th June, 2001, the interests of the Directors and their associates in the share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Nature of interest	Number of shares of the Company
Mr. Wong Fong Kim <i>(Note)</i>	Corporate	25,000,000

Note: These shares are held by Ever Harvest Investment Limited, a company wholly-owned by Mr. Wong Fong Kim.

Directors' Rights to Acquire Shares or Debentures

At no time during the six months ended 30th June, 2001 was the Company or its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company or their spouse or children under 18 years of age had any right to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Substantial Shareholders

As at 30th June, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, in addition to the interest disclosed above in respect of a Director, the following shareholder had an interest of 10% or more in the share capital of the Company:

Name of shareholder	Number of shares held
Fortuna Alliance Limited (<i>Note</i>)	25,000,000

Note: Fortuna Alliance Limited is wholly-owned by Mr. Lam Andy Siu Wing who is deemed to be interested in those shares.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30th June, 2001.

Audit Committee

The audit committee has reviewed with management the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited interim financial report for the six months ended 30th June, 2001. In carrying out this review the audit committee has relied on the review of the Group's external auditors as well as obtaining explanations from management.

Purchase, Sale or Redemption of the Company's Listed Shares

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

Corporate Governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not, during the six months ended 30th June, 2001 in compliance 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
Peter Lee Yip Wah
Secretary

Hong Kong, 24th September, 2001