

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business review and prospect**

Following the successful placing of 70,000,000 shares to professional, institutional and selected investors and the public offer of 30,000,000 new shares of the Company, the Company's shares were listed on the Stock Exchange on 28 February, 2002. The net proceed received from placing and public offer of shares was approximately HK\$93 million.

For the six months ended 30 June 2002, the Company recorded a net profit of HK\$11,385,552 which was mainly attributed to the unrealised holding gain on listed securities.

At 30 June 2002, 32% of the Company's total investment portfolio (based on market price) was invested in the equity of unlisted companies with operation in PRC, 31% in listed securities in Hong Kong, 17% in unlisted convertible bonds maturing within 1 year, and 14% in unlisted redeemable preference shares.

The investment of convertible bonds and unlisted redeemable preference shares are mainly in short term nature, which diversify the risk of the investment portfolio and provide relatively steady return to the Company. The Directors will continuously manage the Company's portfolio with a conservative approach and when opportunities arise, restructure the portfolio in order to improve return to shareholders.

### **Capital commitment and contingent liabilities**

The Company did not have any borrowings during the period and there are no charges on the Company's assets. As at 30 June 2002, the Company had no material capital commitment and contingent liabilities.

### **Employees**

As at 30 June 2002, the Company had 4 employees, total staff costs for the period amounted to approximately HK\$694,184. The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.