

PROSPECT

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December, 2002, the Group liabilities exceed assets by HK\$20.6 million, with the continue support from the creditors and bank, the Group has maintained a satisfactory financial statue. Total borrowings from banks and financial institutions amounted to HK\$790 million as at 31 December, 2002. The net current liabilities of the Group was approximately HK\$176 million (30 June, 2002: HK\$151 million). The current ratio was 0.82 (30 June, 2002: 0.84). The gearing ratio was non applicable (30 June, 2002: 326) as defined as the total bank borrowings divided by the shareholders' equity. The cash and bank balance on hand was HK\$467,000 (30 June, 2002: 755,000).

The Group conducts most of its business transactions in currencies of United States dollars, Hong Kong dollars and Renminbi. As these currencies remained relatively stable during the period, our Group has limited exposure to foreign exchange rates fluctuations.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December, 2002, the Group employed a total of 11 employees. They were remunerated according to market conditions.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December, 2002.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December, 2002, the interests of the directors and chief executives and their associates in the securities of the Company as recorded in register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

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

PALADIN LIMITED

Save as disclosed above, and other than certain nominee shares held in trust for the Group, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance as at 31 December, 2002.

SUBSTANTIAL SHAREHOLDERS

According to the register maintained by the Company under Section 16(1) of the SDI Ordinance, the Company was notified of the following interest representing 10% or more of the issued share capital of the Company as at 31 December, 2002:

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

PURCHASE, SALE AND REDEMPTION OF LISTED 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, 2002 has not been audited by the Group's auditors, but has been reviewed by the audit committee.

CORPORATE GOVERNANCE

The Group has complied throughout the year 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 Chairman

Hong Kong, 24 March, 2003