

Interim Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30th June, 2004 (six months ended 30th June, 2003: nil).

Business Review and Prospects

For the period ended 30th June, 2004, the Group recorded a loss of HK\$1,423,000 which was mainly attributable to the administrative expenses incurred during the period. The improved results which represented a reduction of approximately 22% as compared to the loss of HK\$1,818,000 for the corresponding period last year. The Group's turnover for the six months ended 30th June, 2004 represented interest income generated from its financing activities.

The Group's investment portfolio as at 30th June, 2004 remained largely unchanged from that disclosed in the Group's 2003 Annual Report, except that the Company subscribed for approximately 9.09% equity interest of a company principally involved in the insurance brokerage business operated in Hong Kong for a consideration of about HK\$3 Million in May 2004. In addition, the Group disposed all of its investments in convertible loan notes which were fully provided for in the 2002 and 2003 annual reports, to third parties for a nominal sum of HK\$1 each. As at 30th June, 2004, about 0.3% in value of the Group's investment portfolio was constituted by investments in Hong Kong listed securities, about 23.7% represented by an equity interest in a company principally involved in the insurance brokerage business operated in Hong Kong and 76% represented by an equity interest in a building materials manufacturing company in the PRC. The Group's investment portfolio was mainly financed by its shareholders' funds of HK\$14,318,000. As at 30th June, 2004, the Group's cash and bank balances were HK\$2,633,000 and the net asset value per share of the Group was approximately HK\$0.08.

Business Review and Prospects *(continued)*

On 29th March, 2004, the Company raised net proceeds of approximately HK\$3,408,000 following the placement of 28,800,000 new shares ("Placing Shares") through a placing agent, to more than six independent investors. The net proceeds from the placement have been used as additional working capital of the Company. Subsequent to the period ended 30th June, 2004, the Company raised further net proceeds of approximately of HK\$2,500,000 from a new allotment and issuance of 27,200,000 new shares under the General Mandate to an independent subscriber. The allotment and issuance were completed on 4th August, 2004 and the net proceed raised thereon will be applied for future investment purposes. Given the new funds raised and other liquid assets on hand, the Directors are satisfied that the Group has sufficient financial resources to meet its ongoing operational requirements.

The directors of the Company consider that with the introduction of the significant policies such as CEPA, Individual Travel Scheme and etc, Hong Kong can be integrated with the economic dynamics of southern China and accordingly it is expected that these favourable developments will benefit the Group's investment portfolio and enhance its return to the shareholders.

Looking ahead, the Group's prospects are to revive and thrive in this encouraging market sentiment; on the strength of revised investment policies, fresh funding sources, and competent human resources.

As a complement to the Group's management team, the newly appointed investment manager Altus Capital Limited ("ACL") with its diversified track records in the region would certainly enrich the Group's portfolio. The appointment of ACL was approved by the Stock Exchange and the relevant Announcement of its appointment was duly published on 13th July, 2004.