

INTERIM DIVIDEND

The Board has resolved not to pay any interim cash dividend for the six months ended 30 September 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Financial performance

The terrorist attacks in the United States caused concern and uncertainty regarding its effect on global economy and political environment which cast a shadow over global equity markets.

The Federal Reserve cut interest rates three times by 0.5% each time after the incidents, ten times in 2001 with an accumulated cut of 4.5%. The US benchmark interest rate is now only 2%, the lowest level in 40 years. It is expected that it will continue to cut the interest rate further if necessary to prevent a sustained slowdown in economic growth. Monetary authorities in major financial centers have affirmed their commitment to support financial stability and to ensure liquidity is maintained.

In Hong Kong, the tragic acts of terrorism in the United States sent the Hang Seng Index to a 3 years low and it shed over 10% just in September as investors anticipated a sharp slowdown in the United States consumer confidence and spending after the tragedy incidents.

For the 6-months period under review, the Hang Seng Index dropped 22% while the GEM Index gave up 34.7%. Despite such an unfavorable environment in the global and local securities market, our net asset value per share has a very insignificant change of approximately 2% decrease.

Outlook

Given the terrorist attacks on the United States would negatively affect the consumption and corporate earnings not only in United States but those countries which trade with them, concerns whether there will be a global recession, or a delay in recovery, makes the outlook of our stock market remain cloudy.

Further interest rate cuts are expected. A near to zero deposit interest rate will push funds into the securities market and ample liquidity may lead to a relief rally.

The China Securities Regulatory Commission is considering to allow citizen and funds of the PRC to buy foreign stocks under the system of "Qualified Domestic Institutional Investors". When it is implemented, it will provide substantial fund to our stock market.

Political and military developments will be the major drivers of the securities markets in the near and medium terms. In the medium to long term, we consider that the Hong Kong securities market should be supported by our stable political and sound legal system and good asset quality of the listed companies. A return of confidence will rapidly translate into a strong rally.

Financial review

Liquidity and financial resources

As at 30 September 2001, the Group had bank balances of HK\$953,451 (31 March 2001: HK\$3,589,196) and had no other borrowing. The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Capital structure

There was no change to the Group's capital structure for the six months ended 30 September 2001. The nominal value of the outstanding warrants as at 30 September 2001 is HK\$22,714,320 with subscription right at the price of HK\$0.12 per share on or before 30 June 2002. If the warrants are fully exercised, the Company will be required to issue a further 189,286,000 shares. For the six months ended 30 September 2001, no share option was granted under the Share Option Scheme.

DIRECTORS' INTERESTS IN SECURITIES OF THE COMPANY

At 30 September 2001, none of the directors and chief executive 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 Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance").

SUBSTANTIAL SHAREHOLDERS

At 30 September 2001, the following shareholders held an interest of 10% or more in the issued share capital of the Company which is required to be recorded under section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage
Fung Fai Growth Limited	34,000,000	33%
Kingswell Holdings Group Limited	17,000,000	16%

Save as disclosed above, as at 30 September 2000, the Company was not notified by any persons who had an interest of 10% or more in the issued share capital of the Company which is required to be recorded under section 16(1) of the SDI Ordinance.

AUDIT COMMITTEE

The audit committee, which comprises of three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited Interim Reports.

CODE OF BEST PRACTICE

Save and except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2001 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2000, there was no repurchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

By order of the Board
Li Kwok Cheung, George
Director

Hong Kong, 15 November 2001