

into a modern complex of fine-dining, shopping, sightseeing and cultural attraction to be named “Jumbo Kingdom”. With its strategic position, special design and architecture and worldwide reputation, “Jumbo Kingdom” is expected to become a more popular tourist, recreational and leisure spot after its rebirth.

Property Investment Division

Turnover of the Group’s property investment business for the first half of 2003 remained at HK\$2.3 million, similar to the turnover of last year’s corresponding period. The stagnant result of this division’s business is due to abundant supply of rental properties and general decline in property rentals. Owing to high costs of maintaining and managing the properties, operating profit from the Group’s property investments went down by 17% to HK\$1.4 million.

Investment and Energy Division

Turnover and operating profit for investment for the first half of 2003 were HK\$0.2 million (2002: HK\$1.8 million) and HK\$3.9 million (2002: HK\$1.8 million) respectively. The increased operating profit of investments was due to receipt of underwriting income during the period.

The Group has not made any firm commitment on energy investments. It will continue to keep watch of investment opportunities in this sector.

The Group is continuing negotiations with potential partners in the establishment of a professional investment company. When formed, this company will make direct equity and other investments in companies with good prospects in the Greater China region.

EVENTS AFTER 30TH JUNE 2003

In August, 2003, VC CFN Corporation Limited, a subsidiary of the Group, submitted an application to the relevant Macau authority for a financial service licence to conduct securities and futures trading and brokerage business in Macau. In response to the authority’s request, further documents and information have been provided to the authority for assessment of the application.

In August, 2003, the Company took actions to undertake a rights issue of 72,643,567 rights shares of HK\$1.00 at a price of HK\$1.45 per rights share on the basis of one rights share for every two ordinary shares in issue. The Company will raise approximately HK\$105.3 million before expenses by means of the rights issue, which will strengthen the Company’s equity base, improve its financial gearing and provide additional resources to finance development and growth of the Group’s business.

FUTURE PROSPECTS

With prudence as its guiding principle, the Group has been consistently implementing its development strategy with determination and dedication.

Renovation work on the “Jumbo Kingdom” has already started and will be completed by the first quarter of 2004 to cope with the recovery of the Hong Kong tourism industry. “Jumbo Kingdom” is expected to benefit from China’s policy of relaxing the travel requirements on

local individual travelers who have always been the major patrons of Jumbo. Local customers will also find “Jumbo Kingdom” a place to have fun and dine at, given the variety of attractions offered by the Group.

The Group will also increase its presence in China by establishing more offices. The Group is considering setting up offices in the key strategic cities of Beijing, Shanghai and Shenzhen. This will help promote the Group’s core businesses.

More resources will be committed in the investment banking and technology businesses of the Group. These businesses provide the backbone and a solid foundation for the geographical expansion of the Group. The Group has already established a solid foothold in the home base of Hong Kong. Parallel to the expansion into China, the Group has recently set up an office in Macau where the Group’s history goes a long way back. Indeed, the technology division has already established a recognised reputation in Macau through its subsidiary, Elixir Group Limited. Elixir has entered into contracts with some gaming companies to install intelligent surveillance systems and other technology solutions packages. It will continue to expand its services and coverage in the gaming industry and other commercial areas.

The Group’s application for a financial intermediary licence in Macau is underway. At this stage, it is not yet known when and/or whether such licence will be granted. If successful, it will be the first time the Macau government has ever granted such licence to a financial entity. With a licence, the Group will be in a unique position to provide investment banking services to companies in Macau. So far, this market is largely untapped. Through the Macau financial subsidiary, the Group will offer full-fledged financial services to investors and clients in Macau.

The Group sees the Macau office as an important milestone in completing the corporate development map for the Pearl River Delta Area, Macau and Hong Kong. Substantial resources will be set aside to implement this development strategy. With the Group’s historical link and unique position in Macau, it is expected that business opportunities will continue to emerge from this area.