

## **REVIEW OF OPERATIONS**

Consolidated turnover for the six months ended 30th September, 2000 was approximate HK\$99 million, an increase of 20% from that of last period. Profit attributable to shareholders recorded an increase of 149% to HK\$18.4 million (1999: HK\$7.4 million). Earnings per share was 0.05 Hong Kong cent (1999: 0.23 Hong Kong cent). The directors do not recommend the payment of an interim dividend (1999: nil).

### **Securities and Finance**

Turnover of securities and finance business increased by 153% to HK\$26 million (1999: HK\$10 million) and accounted for approximately 27% of the group's total turnover (1999: 13%). Contribution was approximate HK\$27 million, representing an increase of approximate 4% from that of last period.

Broking business has recorded a satisfactory growth with turnover increased by 1.2 times to HK\$7 million while the underwriting business continuous to contribute to the Group. However, contribution from the securities business reduced by approximate 25% from that of last period because of the increase in expenses as a result of the expansion program. During the period under review, the Group has injected HK\$53 million as share capital into the securities business, and is planning to further increase to HK\$100 million by the end of 2000. This strong financial resource has not only put the business in a better position to capture profitable opportunities but also create a strong foundation for its future development.

Turnover of the finance business increased by 285% to HK\$16 million (1999: HK\$4 million), contribution increased by 14% to HK\$23 million. With the continuous growth in economic condition and expanded capital base, it is expected that contribution from this division is optimistic.

### **Trading**

Trading business has accounted for approximate 73% of the Group's turnover and recorded an slightly increase of 1% from that of last period. However, the decrease in exchange rate of European currencies had eroded part of the margin, thus contribution recorded from this division decreased by approximate 26% to HK\$4 million (1999: HK\$5 million). The Group has implemented certain measures to explore the market in the United States, the response is encouraging. It is expected that the results will become prominent in the next year.

### **Infrastructure**

In August, the Group had increased its stake in the National Highway 318 in Wuhan by 10% for approximately HK\$80 million. In October, the Chinese authority approved a toll fee increase of 70% to the National Highway 318. The traffic flow dropped instantly by more than 10%, however, the total revenue generated increased by more than 50%. It is expected that the traffic flow will be increased when the psychological effect of toll fee increase is removed.

## **Hi-Tech**

The Group had taken good opportunities to invest in new technology business. In March 2000, the Group completed the acquisition of 40% equity interest in Cyber World Technology Limited (“Cyber World”) which has 100% interest in Beijing Spatial Port Network Technology Limited (“BSPN”). BSPN is engaged in the development and provision of services in geographic information system (GIS), global positioning system (GPS), remote sensing (RS), internet related services (IRS), digital mapping, software development and networking. BSPN has a team of IT experts come from Beijing University, Qing Hua University and China Science Academy, and enjoys superiority of new and high technologies in a market with huge potential. It has been able to beat a number of government projects from China and is target to Hong Kong and Macau as well. Cyber World has been a profitable company since acquisition and is planning for listing in The Stock Exchange of Hong Kong Limited.

In May 2000, the Group acquired 36% equity interest in Inworld Holdings Limited (“Inworld”) and subsequently increased to 43%. Inworld is operating four Chinese portals in Hong Kong, China, Taiwan and Macau respectively, and one English portal in Singapore. Its strategy is to develop contents that match the needs of different local Chinese communities in the region.

## **Liquidity and capital resources**

During the period under review, the Group had refunded HK\$78 million in respect of excess application monies received for the rights issue in March 2000 and repaid bank loans of approximate HK\$240 million. Bank indebtedness in respect of the National Highway 318 in Wuhan amounted to HK\$122 million has been consolidated in the first time, making total bank indebtedness of the Group amounted to HK\$179 million. Current ratio stands favourably at 2.3:1.

Pursuant to a special resolution passed in a special general meeting held on 18th December, 2000, the ordinary shares of the Company were consolidated on the basis of 100 shares into 1 share.

## **Prospect**

We have created the right structure to underpin the development of our business and to achieve long term growth. We are confident that the group will continue to grow at a well managed pace. Barring unforeseen circumstance, we are optimistic that the full-year results will be satisfactory when compared to the previous years.