

Business Review and Prospects

RESULTS

The Group's turnover for the half year was HK\$162.7 million, increased by HK\$81.1 million or 99% compared with the previous corresponding period. The surge in turnover was mainly caused by revenue generated from information technology related businesses acquired in the second half of 2001 and an expansion of the restaurant operations.

The Group reported a profit attributable to shareholders of HK\$3.2 million for the six months ended 30 June 2002, representing a significant turnaround from a loss of HK\$9.8 million for the same period in 2001. Earnings per share amounted to 0.7 cent compared to loss per share of 5 cents in the same period last year.

As in the past 18 months, the restaurant and property investment operations continued to produce stable but modest profits during the period. What made the turnaround happened was new source of profit generated from the newly acquired IT services businesses.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2002.

INFORMATION TECHNOLOGY SERVICES

The Group changed its overall business strategy since the second half of last year. The Group has been allocating most of its resources into the rapidly growing IT services sector in the PRC. This strategy has already produced satisfactory result as evidenced by the turnaround in profitability for the period under review.

The turnover of the IT services division was HK\$62.9 million (2001: Nil) which generated EBITDA of HK\$15 million or operating profit of HK\$6.9 million. The Group performance can be attributed to constructive and strong relationships it has with its customers, which enable the Group to provide suitable application solutions based on customers' needs.

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Working closely with Beijing Education Bureau, the Group is investing and developing a full range of application solutions for the whole of primary and secondary education sector in Beijing. The Group is also actively seeking investment opportunity in smart card and software businesses.

RESTAURANT

The performance of the restaurant business was in line with the previous year's comparable period. It is expected that the restaurant business will remain steady in the second half of the year.

PROPERTY

Leasing activities performed steadily during the period. The Group will continue its strategy of reducing its property holding whenever market opportunities arise.