

INTERIM DIVIDEND AND SCRIP DIVIDEND SCHEME

The directors have declared an interim dividend of HK1.6 cents per share for the six months ended 31 December 2002 (2001: HK0.0625 cents per share before the adjustment for the share consolidation of 25 shares into 1 share in May 2002) to shareholders whose names appear on the register of members of the Company on 16 April 2003 to be satisfied by allotment of new shares, credited as fully paid, by way of scrip dividend, with an alternative to the shareholders to elect to receive such dividend (or part thereof) in cash in lieu of such allotment (the "scrip dividend scheme").

Total interim dividend for the period ended 31 December 2002 amounted to HK\$10,089,000 (2001: HK\$8,885,000), an increase of 14 percent.

The scrip dividend scheme will be subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting a listing of and permission to deal in the shares to be issued pursuant thereto. A circular setting out the details of the scrip dividend scheme and the basis of allotment together with a form of election will be sent to the shareholders of the Company as soon as practicable.

It is expected the certificates for the new shares and dividend warrants will be despatched to those entitled thereto on or before 16 June 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

The global economic and investment climate remained challenging during the period under review. The outbreak of war in the Middle East and fears of terrorist attacks further exacerbated the ongoing poor global economic performance. In spite of these adversities, the Group stayed on course with stable development of its core businesses.

Financial Results

For the six-month period ended 31 December 2002, the Group recorded a consolidated turnover of HK\$937 million and net profit of HK\$107 million, representing an increase of 20 percent and 5 percent respectively as compared to the same period last year (2001: HK\$782 million and HK\$101 million). Basic earnings per share for the interim period was HK18.5 cents (2001: HK21.0 cents).

During the period under review, the Group's gross profit increased by 29 percent to HK\$468 million, a result of the Group's continued investment in product development. General and administrative expenses were reduced by 21 percent following the implementation of effective cost control measures. Depreciation and amortisation expenses increased by 86 percent, compared to the corresponding figures in the previous year's interim period, in line with revenue generated by some of the Group's new systems and networks. Distribution costs increased by 35 percent to HK\$26 million as a result of increased turnover. The Group's Earnings before Interest, Taxation, Depreciation, and Amortisation (EBITDA) was HK\$378 million, an increase of 45 percent over the previous corresponding period. Lower finance costs at HK\$14 million (2001: HK\$15 million) due to favourable interest rates enjoyed by the Group also helped to protect our profitability.