

## INTERIM DIVIDEND

At a meeting of the Board held on 15 August 2003, the Directors resolved not to pay an interim dividend to shareholders (2002: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

For the period ended 30 June 2003, the Group recorded a decrease in turnover of approximately 67% from approximately HK\$47,566,000 in 2002 to HK\$15,619,000 in current period whereas the Group has resumed to a profit-making position and a net profit of approximately HK\$903,000 was recorded as compared to net loss of HK\$100,497,000 in the same period last year. This remarkable improvement in financial performance was attributable to management's efforts in streamlining the business operation, tapping up new investment opportunities and implementing effective cost control policy.

### Business Review

Subsequent to the financial restructuring completed in June 2002, the Group, while maintaining its information & technology business, has been undergoing a series of business reforms. The management identifies that there will be enormous business opportunities and growth potential emerged from the sedan market in the PRC, the Group thereby capture such opportunities by signing the Joint Venture Agreement ("JV Agreement") with 吉利控股集團有限公司 (Geely Holding Limited) ("Geely Holding"), a renowned automobile manufacturing enterprise in the PRC, on 30 March 2003 for the establishment of a sino-foreign equity joint venture, named as Zhejiang Geely Guorun Automobile Company Limited ("the JV Company"). The Group is then beneficially interested in 46.8% of the registered capital of the JV Company.

The JV Company was established in 27 May 2003 and has commenced operation since 1 June 2003, it situates at Beilun Economic and Technological Development Zone, Ningbo, Zhengjiang Province and principally engages in manufacturing 2 models of sedan of economy class, namely, "Geely Merrie" and "Geely Unlion". During the period, the JV Company has contributed approximately HK\$5,400,000 to the Group's net profit.