

DIVIDENDS

The Board of Directors has resolved to pay an interim dividend of HK10 cents per share (2002: HK9 cents per share) totaling approximately HK\$46 million (2002: HK\$36 million) to shareholders whose names appear on the register of members on 22 October 2003. It is expected that dividends will be dispatched to shareholders on or before 5 November 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 20 October to 22 October 2003, both days inclusive, during which no transfer of shares will be registered.

To rank for the interim dividend, all transfers should be lodged with the Company's Registrars, Tengis Limited at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 17 October 2003.

BUSINESS REVIEW

The turnover of the Group for the six months ended 30 June 2003 ("current period") was HK\$3,759 million, as compared with HK\$3,523 million for the six months ended 30 June 2002 ("corresponding period").

Operating profit for the current period was HK\$160 million, as compared to HK\$149 million for the corresponding period.

Net profit attributable to shareholders for the current period was HK\$141 million which was a 20.5% increase as compared to the HK\$117 million for the corresponding period.

The core divisions of the Group comprises of (i) The Branded Distribution Division, (ii) The Electronics Manufacturing Services Division, (iii) The Magnetic Media Division, and (iv) The Financial Services Division.

BUSINESS REVIEW (continued)

The Branded Distribution Division's turnover was HK\$841 million as compared to HK\$871 million for the corresponding period. This was mainly due to the slow down of the U.S. and European markets as effected by the Iraq conflict, which was partly compensated by growth in Asia, in particular China. The shift in demands and the continuous efforts on improved product selection resulted in an overall better margin. This resulted in an increase in the Division's operating profit to HK\$55 million as compared to HK\$44 million for the corresponding period.

The Electronics Manufacturing Services Division's turnover increased by 3.1% to HK\$1,612 million as compared to HK\$1,564 million for the corresponding period. It achieved an operating profit of HK\$37 million for the current period, compared to HK\$13 million for the corresponding period. The completion of the consolidation of the manufacturing facilities in Zhongshan last year greatly affected the turnover during 2002. However, the benefit of the consolidation and the shifting to manufacturing higher value products with improved margins is now reflected in the results for the current period. The Division now has an efficient and cost effective manufacturing base and is returning to a stable growth trend.

The Magnetic Media Division's turnover increased by 16.3% from HK\$412 million to HK\$479 million. The increased revenue was derived from increased sales of Super Digital Linear Magneto-Resistive ("MR") tape heads and products as well as ferrite tape heads and head guide assemblies. In addition, launching of new products such as the new generation MR tape heads also contributed to the increased revenue. The Division achieved an operating profit of HK\$48 million as compared to HK\$55 million for the corresponding period. The main reason leading to the declining profit being continuous industry pricing pressure. Additionally, sales mix for the current period had changed compared to the corresponding period. An increasing portion of the Division's turnover was from MR tape heads, head modules and complementary products with lower profit margin. To mitigate against the lower profit margin, the Division had continued to significantly reduce the cost of sales and improve material utilization.

The Financial Services Division's turnover increased by 22.3% to HK\$827 million as compared to the corresponding period. The increase in turnover was mainly derived from the increase in money exchange services. The Division achieved an operating profit of HK\$32 million as compared to HK\$39 million for the corresponding period.