

## 15 Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform to the current period's presentation.

## 16 Audit committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the six months ended 30th June 2003 with the Directors.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2003 (2002: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

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### Business Review

#### *Overview*

Compared with the corresponding period last year, the Group's turnover for the six months ended 30th June 2003 increased by 90% to HK\$10,392,000 while gross profit decreased by 57% to approximately HK\$1,795,000. The rise in turnover was a result of the resumption of operation of the sale of automobile axles business. The turnover for sale of automobile axles was HK\$7,939,000, representing 76.4% of total turnover of the Group during the period under review. Since the gross profit on sales of automobile axles was much lower than that on the operation of games centers business, the other core business of the Group, which resulting in the decrease of gross profit even though there was significant increase in total turnover. The Group has recorded an unaudited loss attributable to shareholders of HK\$23,079,000 for the six months ended 30th June 2003. The decrease in loss was mainly attributable to the success in cost saving.