



INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2003 (2002: Nil).

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's turnover in the first half year amounted to around HK\$2.28 million. Compared with the corresponding period in last year, there was a decrease of around HK\$1.81 million or 44%. In this interim period, the Group did not do general trading. Moreover, the Group disposed of office premises in Beijing in August 2002. So, there was no rental income generated from properties in China. Amongst the turnover, around HK\$2.24 million came from commission income of securities and futures businesses.

The Group recorded a net loss of around HK\$8.93 million in the first half year. The loss decreased by around HK\$1.83 million as compared to that of corresponding period in last year. The Group successfully controlled its administrative and operative expenses during the period. Both the salary and rental expenses dropped significantly. Following the cessation of production of computer-aided-design systems and machinery in year 2000, some stock was subsequently sold. In respect of inventory comprising raw materials, work-in-progress and finished goods totaling in net value of around HK\$1.98 million, full provision was made against it in this interim period. From dates of acquisition to end of this interim period, the net losses of securities and future business were of total amount about HK\$0.58 million.

The Group completed the acquisition of 100% shareholding of a company (Artway Development Limited) in April 2002. The company indirectly held 39.2% interest in a piece of land at Chaoyang district in Beijing. The consideration was HK\$195 million. To reflect the Group's capital structure more equitably and objectively, HK\$195 million intangible assets as at 31 March 2003 was now reclassified as interests in associates.

Moreover, in April 2003, the Group disposed of a vacant factory in Shanghai. With sales proceeds of RMB4.5 million, there was a net profit on disposal of around HK\$0.51 million. In the interim period, the net losses on investments of foreign currency and futures were of total amount around HK\$1.08 million.

To further diversify the Group's businesses, the Group acquired 95 % shareholding of a securities broker company and a futures broker company in May 2003. The total consideration was around HK\$22.73 million.