

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004 (2003: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Review

The turnover of the Group amounted to approximately HK\$8,162,000 for the period under review, representing an increase of approximately 8 per cent as compared with that for the corresponding period in 2003. The Group reported a net profit of approximately HK\$83,701,000 for the period under review as compared to a net loss of HK\$3,297,000 in 2003. The substantial profit was mainly attributable to the exceptional gain on deemed disposal arising from the distribution in specie of the Group's entire shareholding in Shougang Concord Technology Holdings Limited ("Shougang Technology"), its associate.

Hong Kong Investment Properties

With a recovering economy and property market, the rental market has improved since the beginning of 2004. The Group recorded an increase of 5 per cent in the rental income by comparing to the same period in 2003.

Despite the improvement in the property market, the Board does not anticipate that there would be any significant improvement in the industrial building sector of the property market in the future. In addition, the industrial buildings of the Group are relatively old and the maintenance costs are high. The Board believes that the Group should take advantage of the window of opportunity to dispose of its industrial properties so that resources could be better applied in other investment opportunities that offer a higher return to the shareholders. Subsequent to the balance sheet date, the Group had entered into an agreement with independent third party to dispose of an industrial property at HK\$40,000,000 and another agreement with independent third party to dispose of an industrial property at HK\$100,800,000 ("Disposals").

Shougang Technology

The Group recorded a substantial gain on deemed disposal of Shougang Technology arising from the distribution in specie of the Group's entire shareholding in Shougang Technology ("Distribution"). Such substantial gain was distributed to the shareholders through the Distribution. As a whole, the Distribution reduced the Group's net asset value by HK\$245 million.

