

INTERIM RESULTS

The Board of Directors (the “Board”) of Tanrich Financial Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (“Tanrich” or the “Group”) for the six months ended 31st December 2004 with comparative figures of the previous period which are set out on pages 15 to 30 of this report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the financial year ending 30th June 2005 (2004: HK 1 cent).

BUSINESS REVIEW

During the six months ended 31st December 2004, the Group underwent a challenging time due to keen competition in the futures broking business despite the augmentation in securities broking, securities margin financing and money lending businesses. Turnover of the Group for the six months ended 31st December 2004 was HK\$42.6 million, representing a decrease of 37.0% when compared to that of the same period of last year, and the Group recorded profit attributable to shareholders of HK\$316,000 (2003: HK\$13.1 million).

Securities broking and margin financing

Supported by a resurgent capital market and buoyant initial public offerings activities starting from the fourth quarter of 2003, the average daily turnover of The Stock Exchange of Hong Kong Limited (the “SEHK”) was continuously up to HK\$15.2 billion for the period under review as compared with HK\$13.7 billion for the corresponding period in 2003. The Hang Seng Index hit a low of 11,933 in July 2004 and a high of 14,266 in December 2004. Our securities broking and margin financing business benefited from the dynamic and vigorous activities in the primary and secondary stock markets. As a result, its operating profit for the period under review increased remarkably by 58.3% to HK\$1.9 million (2003: HK\$1.2 million) and its total turnover increased by 6.9% to HK\$6.2 million (2003: HK\$5.8 million). Furthermore, the on-line securities trading system has recently been implemented successfully and is expected to facilitate the future trading activities of overseas clients by using this platform.

Futures broking

As a result of keen competition in the futures broking market coupled with a significant drop in the number of account executives, the commission income derived from broking in futures contracts for the period under review amounted to HK\$27.1 million (2003: HK\$55.3 million), representing a drop of 51.0% when compared to that of the same period of last year, and resulting in an operating loss of HK\$2.6 million. We have taken immediate remedial measures including but not limited to a thorough review of the remuneration and incentive scheme, implementation of a series of training and recruitment programs in order to reinforce the sales force of futures broking business.