

## INTERIM DIVIDEND

The Board of directors do not recommend any interim dividend for the six months ended 30 September 2000 (1999: Nil).

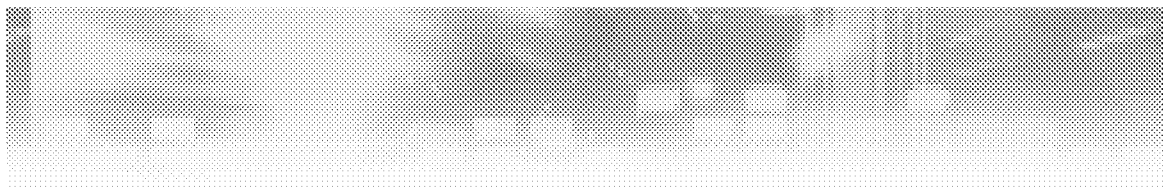
## BUSINESS REVIEW AND PROSPECTS

### Results

During the six months ended 30 September 2000, the Group recorded an unaudited net loss attributable to shareholders of HK\$168.9 million, representing a decrease of 17.5% as compared with a loss of HK\$204.8 million for the corresponding period in 1999. The loss per share was HK2.03 cents as compared with HK17.14 cents for the corresponding period. Turnover was HK\$231.3 million, a significant increase of 5.1 times from 1999's level of HK\$38.1 million, which was mainly due to the inclusion of interest income of HK\$18.6 million for this period, the inclusion of brokerage commission and the increase in trading of marketable securities (HK\$208.5 million in this period versus HK\$0.2 million in 1999), all as a result of the further increase of the Group's equity interests in an associate, Hennabun Management Inc. ("HMI Group"), which became a subsidiary of the Group during the period.

### Review and outlook

During the period, the Group continued to rationalize the assets portfolio in order to enhance their productiveness and contribution. The Company has further pursued to seek the opportunity to invest in the promising Financial Services sectors through the increase of the Group's equity interests in an associate, HMI Group, up to 78.12% as at 30 September 2000. During the period, about 43% of the Group's turnover was contributed by HMI Group. As to the High-Technology sectors, given the recent soft market sentiment and consolidation of the internet businesses, the Group has made necessary provision for diminution in value of an investment and is taking a more cautious view to pursue in this area with readiness to capture any new opportunities when solid recovery comes.



### **Liquidity and capital resources**

The Company's financial position has been substantially improved and strengthened by completing a Two for One Rights Issue and through the issue of 616,830,000 new shares arising from exercise of employee share options, raising a total equity fund of approximately HK\$623 million (before issue expenses) and HK\$10.6 million respectively.

As at 30 September 2000, the Group's total shareholders' funds amounted to HK\$752.6 million compared with HK\$318 million as at 31 March 2000. As at 30 September 2000, the Group had net current assets of HK\$215.8 million comprising cash and bank balances and deposits of HK\$99 million compared with net current liabilities of HK\$178.9 million comprising cash and bank balances of HK\$47.6 million as at 31 March 2000.

The Group has sustained a greatly improved capital structure with the achievement of a gearing ratio of 75.8% and current ratio of 1.5 times at 30 September 2000, compared to 174.5% and 0.45 times respectively at 31 March 2000.

### **DIRECTORATE**

We welcome Mr. Wong Siu Bun to join our Executive Board and Mr. Sun Lup Chung to join our board as an independent non-executive director. We would also like to express our sincere thanks to Mr. Chan Wing Cham, Lawrence who resigned for personal reasons, for his service to our Board.

### **CHANGE OF FINANCIAL YEAR END**

The Board of the Company announces that the financial year end date of the Group will be changed from 31 March to 31 December in each year to enable the preparation of financial information in better coordination with annual corporate and strategic planning of the Group. The Company does not foresee any material financial impact on the Group after the change.

The next set of audited accounts will be prepared for the nine months ended 31 December 2000 which will be announced and despatched on or before 30 April 2001.