

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's turnover for the first six months of the year 2001 increased slightly by approximately 4% to HK\$15 million, as compared to the corresponding period last year. This is mainly due to a slight increase in interest income. Operating profit increased by approximately HK\$13.6 million mainly due to the gain on disposal of certain long-term investments. Overall, profit attributable to shareholders increased by HK\$10.6 million to HK\$24.1 million. As at 30 June 2001, the Group had cash and bank balances of approximately HK\$476.5 million with no borrowings, and long-term investments of approximately HK\$173.3 million at market value.

Since there has not been any significant improvement in the economic environment in Hong Kong, the Group will remain cautious in selecting investment opportunities.