

FINANCIAL REVIEW

Review of Results

Turnover for the six month period ended 30th June 2003 amounted to approximately HK\$58.4 million, an increase of approximately 31.7% over the corresponding period in 2002. The unaudited loss attributable to shareholders was HK\$14.9 million (2002: HK\$7.3 million). Basic loss per share was 10.24 HK cents (2002: 6.02 HK cents).

Liquidity and Capital Resources

Cash available to the Group as at 30th June 2003 was HK\$122 million, HK\$97 million lower than the amount as at 31st December 2002. The difference was mainly due to the cash outflow for acquisition of the Value Convergence group and its business. A significant portion of this cash balance is committed to the Group's investment banking and financial services business.

Net current assets stood at HK\$184 million, HK\$39 million lower than the figure as at 31st December 2002. As at 30th June 2003, the Group had total outstanding borrowings of approximately HK\$44.4 million. The Group's financial position remained healthy for ongoing operation and business development.

The Group's principal businesses are conducted and recorded in Hong Kong dollars. Consequently, foreign currency risk is minimal.

Employees

Staff costs were HK\$33.2 million, which constituted 40% of the total operating expenses. With a headcount of 382 as at 30th June 2003, the Group adopts a competitive remuneration package and rewards its employees on a performance related basis. The Company operates a share option scheme which gives incentives to its staff and executives.

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the period (2002: Nil).

BUSINESS REVIEW

On 28th September 2002, the Company entered into an Underwriting Agreement under which the Company underwrote the rights issue of Value Convergence Holdings Limited (formerly known as iAsia Technology Limited) ("Value Convergence"), a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Pursuant to the Underwriting Agreement, the Company subscribed for 1,007,582,287 shares of HK\$0.10 each of Value Convergence on 29th January 2003 and paid for such shares with internal resources of the Company. As at the date hereof, the Company holds 67.57% of Value Convergence's issued shares, and is Value Convergence's holding company.