

## **BUSINESS RESULT**

The Group announced a turnover of approximately HK\$145 million for the six months ended 30 September 2001, representing a decrease of 49% as compared with the corresponding period in the previous year. The net profit attributable to shareholders decreased correspondingly by 79% to approximately HK\$5.14 million, representing earnings per share of HK\$0.03.

The economic downturn and the weakened electronic product market had a direct impact on the Group's core business – electronic components trading services, resulting in a fall in both turnover and profit within the period. Since the overseas markets had substantial stocks in hand, the Group's export volume dropped sharply by approximately 50% as compared with the same period of the previous year. At the same time, the average price of electronic parts also decreased by 30%. As a result of these factors, the turnover of the Group was reduced substantially. Meanwhile, considering the risks attached to its memory module export business, the Group restructured its business portfolio by putting more resources in the development of branded computer peripherals and value-added services which generally command a higher profit margin. In consequence of this gradual withdrawal from the memory module export business, contribution from memory module exports decreased by approximately 85%. Moreover, the expenditure on professional fees, rental and marketing incurred following the Group's listing further increased the operating costs of the Group during the period.

In the face of these unfavourable factors, even an increase in sales volume of electronic components in the local market was insufficient to offset the overall decline in the Group's profits.