

Operating Review and Prospects *(Continued)*

(B) ELECTRONIC PRODUCTS BUSINESS (DISCONTINUING OPERATIONS)

The turnover of the electronic products business for the period decreased by 10% to approximately HK\$84.6 million (2002: HK\$94.4 million) and the segmental profit decreased by 33% to approximately HK\$1.5 million (2002: HK\$2.3 million).

The result of this sector was affected by the slowing down of demand of electronic products and increase in cost of sales. As disclosed in note 4(a) to the unaudited condensed consolidated interim financial statements above, the Company entered into a conditional agreement to dispose the electronic products business. Following to the disposal of this business, the Company will now concentrate the resources to focus on its information technology business.

(C) ELECTRONIC COMPONENTS BUSINESS (DISCONTINUED OPERATIONS)

As disclosed in note 4(b) to the unaudited condensed consolidated interim financial statements above, the Company has completed the disposal of electronic components business on 28 June 2002 and therefore the results of this sector were not included in the current period.

MAJOR ACQUISITION

As set out in notes 13(a) and 14(a) to the unaudited condensed consolidated interim financial statements, the Company entered into the S&P Agreement with FHK on 19 March 2003. Pursuant to the S&P Agreement, the Company acquired the entire interests in HK Century and PRC Century from FHK. The acquisition was completed on 1 July 2003.

The principal activities of HK Century and PRC Century are distribution of information products in Hong Kong and the PRC and the products distributed include, among other things, servers, workstations and networking products of various international brand names.

Capitalised on the expertise of the software solutions and services business, the Group will be able to further expand the business of HK Century and PRC Century by offering its self-developed software applications to the clients in order to provide a total solution package. On the other hand, the vast distribution network and channels of HK Century and PRC Century will magnify the opportunities of software solutions and services business to market its software products and solicit potential customers.