

## RESULTS

Turnover of the Group for the six months ended 31st December, 2004 was about HK\$28,028,000, representing a decrease of 26.2% over the corresponding period in 2003. Loss for the period amounted to approximately HK\$7,932,000.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31st December, 2004.

## BUSINESS REVIEW AND PROSPECTS

The recorded turnover was significantly dropped in both Hong Kong and China. In Hong Kong, the sales of computer products purchased from Japan was adversely affected by the strong Japanese Yen. While the US dollar was continuing to go down against the Japanese Yen, the price of these products became expensive in the Hong Kong market. Since the demand were greatly influenced by the price change, our sales were reduced. In China, one of a major customer had ceased business with us, and thus the sales were decreased by 86.5%.

It was an encouraging result on our subsidiary, Carion Technology Limited (“Carion”), which was acquired in November 2003. Carion was turned to profit during the period under review. In China, the cooperation with a giant retailer was still in initial stage. At this stage, we are still building up a selling relation with this retailer, so the contribution to the Group is relatively insignificant. However, the management has the confident that the revenue will steadily grow and have a better return in the future.

In future, the management will continue to pursue investment opportunities associated with the Group’s existing core business. On the other hand, the Group will strive to further strengthen and explore the growth potential of existing operations as when they arise.

## FINANCIAL HIGHLIGHT

During the period under review, the Company had reduced the nominal value of all issued shares of HK\$0.10 each to HK\$0.005, and then every 20 issued shares of HK\$0.005 each in the capital of the Company were consolidated into one consolidated shares of HK\$0.10. Consequently, the number of ordinary shares of the Company is reduced from 925,472,663 to 55,523,633. As at 31st December 2004, the bank and cash balances were approximately HK\$27,103,000. The current ratio was about 16.3 times with net current assets amounting to approximately HK\$35,085,000. Basically, its own liquid resources financed all business activities of the Group. The gearing ratio has remained almost at zero for the past two years. The Group has little exposure to foreign exchange fluctuations as most of its assets, receipts and payment are in Hong Kong dollars or Chinese Yuans. Exchange rates between these currencies were relatively stable during the period under review. At 31st December, 2004, the Group was not liable to any borrowings or guarantees given to any banks or financial institutions. In addition, none of Group’s assets was charged or subject to encumbrance.