

The Board of Directors of CIL Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2004 as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

For the period ended 31 December 2004, the Group focused on its existing core business operation in trading of multi-media and digital communication products. Turnover of approximately HK\$66,043,000 was recorded, representing an increase of 93.4% from last period's turnover of HK\$34,150,000. Taking into account the revenue of HK\$20,064,000 in respect of write-back of provision for doubtful debt, profits attributable to shareholders for the period amounted to approximately HK\$15,750,000 (2003: loss of approximately HK\$4,451,000), representing earnings per share of HK\$0.26 cents (2003: loss per share of HK\$0.07 cents).

Business review

The significant growth in turnover was mainly as a result of increase in demand of multimedia electronic products in Hong Kong and the PRC. However, in order to maintain a satisfactory market share in this highly competitive market, adoption of more aggressive pricing strategy was inevitable. The gross profit percentage therefore dropped from 8.25% for the last period to 2.34% for the current period.

Liquidity and financial resources

As at 31 December 2004, the Group had net assets of HK\$19.4 million which was comprised of total assets of HK\$172.4 million and total liabilities of HK\$153 million. The current ratio, representing current assets divided by current liabilities, was 1.06, improved slightly from 0.95 at the last year end date. At balance sheet date, the Group had cash at banks and in hand of HK\$2.6 million.

Foreign currency exposure

The Group did not have significant foreign currency exposure at the balance sheet date.

Employee information

The Group has 40 employees currently. The remuneration packages of employees are maintained at competitive level, which include monthly salaries, mandatory provident fund and other fringe benefits.

Prospects

The general economic environment of Hong Kong has improved and there are positive signs of recovery. The directors are optimistic that with the implementation of CEPA, the Group will benefit from the resulting increase in business activities and opportunities.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Directors' interests in equity

As at 31 December 2004, the interests of the directors and the chief executive of the Company and/or their respective associates in the long or short positions in shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the

Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Listing Rules were as follows:

Long position in the shares of the Company:

Name of director	Number of ordinary shares beneficially held	Nature of interest	Approximate percentage of total shareholding (%)
Mr. Ke Jun Xiang	3,530,000,000 (Note)	Interest in corporation	57.17

Note: Mr. Ke Jun Xiang ("Mr. Ke") had a controlling interest in Global Work Management Limited and Trade Honour Limited ("Trade Honour") which held 30,000,000 and 3,500,000,000 ordinary shares of the Company respectively. Accordingly, Mr. Ke was deemed to have interests in 3,530,000,000 ordinary shares of the Company.

Save as disclosed above, as at 31 December 2004, none of the directors and/or any of their associates had any interests in the shares or deemed interest in the long and short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

At no time during the period was the Company or its subsidiaries, a party to any arrangements to enable the directors of the Company, their spouse or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders

As at 31 December 2004, the following persons (other than the directors or the chief executive of the Company) had an interest in the following long position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Long position in the shares of the Company:

Name of shareholder	Notes	Nature of interest	Number of ordinary shares held	Approximate percentage of total shareholding (%)
Trade Honour Limited		Beneficial Owner	35,000,000,000	56.68
Upperclass Limited		Beneficial Owner	500,000,000	8.10
Yau Kwok Wai	1	Interest in Corporation	500,000,000	8.10
ICEA Financial Services Limited		Beneficial Owner	510,406,044	8.27
ICEA Financial Holdings Limited	2	Interest in Corporation	510,406,044	8.27
Industrial and Commercial Bank of China	3	Interest in Corporation	510,406,044	8.27

Notes:

- The interest disclosed comprised 500,000,000 shares held by Upperclass Limited, which is 100% owned by Yau Kwok Wai.
- The interest disclosed comprised 510,406,044 shares held by ICEA Financial Services Limited, which is 100% owned by ICEA Financial Holdings Limited.
- The interest disclosed comprised 510,406,044 shares beneficially held by ICEA Financial Holdings Limited, which is 75% owned by Industrial and Commercial Bank of China, through ICEA Financial Holdings Limited.

Saved as disclosed above, so far as known to the directors as at 31 December 2004, no other person (other than directors or the chief executive of the Company) had an interest in the long and short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Purchase, sale or redemption of the company's listed securities

Neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

Audit committee

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited condensed interim financial statements.

Code of best practice

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), throughout this interim period, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement in accordance with the Company's bye-laws.

Publication of results on the stock exchange's website

This interim report, containing all the information required by paragraph 46(1) to 46(6) of Appendix 16 of the Listing Rules, is also published on the website of the Stock Exchange for Internet access.