

## INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended June 30, 2005 (Six months ended June 30, 2004: Nil).

## BUSINESS REVIEW AND OUTLOOK

The Group recorded a 79% increase in profit for this period to HK\$23,334,000. The Group's turnover in the first half of 2005 increased by 20% to HK\$1,644,784,000 as compared with same period in 2004 attributed both by the economic growth and the Group's strategy in seeking and focusing on new product that offer high margin. Gross profit margin for the Group also increased from 4.56% to 5.50%. Earnings per share was HK8.69 cents.

During the six months ended June 30, 2005, the Group continues in its cost control policy and has reduced its distribution costs by 31% to HK\$32,646,000. However, with the escalation of the market interest rate during the first half year of 2005, the Group's finance costs increased by 35% to HK\$2,001,000. In view of the escalating interest rate, the Group will closely monitor its working capital financing so as to minimize its future financial costs.

Pursuant to the agreements entered into with purchasers for the disposal of a subsidiary during the year 2003, settlement of the deferred consideration was extended to on or before December 13, 2005. During the period, the Group has reviewed the recoverability of the deferred consideration. An impairment loss of HK\$17,000,000 has been recognised in the income statement which is determined by reference to the market price of the pledged shares.

The Group has disposed certain securities investment and has recorded a profit of HK\$5,283,000 as compared with a loss of HK\$174,000 in the same period of 2004.

Despite the good growth experienced in first half 2005, there are uncertainties lying ahead particularly caused by interest rate and oil prices. Nevertheless, the Board is cautiously optimistic about the Group's business outlook for demand of IT products during the remaining half of 2005. To sustain its growth, the Group will further expand its product mix by adding products with high margin into its portfolio and is continuously looking for other investment opportunities that offer higher returns to the Group and shareholders.

## FINANCIAL REVIEW AND ANALYSIS

### **Liquidity and Financial Resources**

As at June 30, 2005, the Group had total assets of HK\$1,034,632,000 which were financed by shareholders' funds of HK\$497,085,000, minority interest of HK\$895,000 and total liabilities of HK\$536,652,000. The Group had a current ratio of approximately 1.61 as compared to that of approximately 1.62 at December 31, 2004.