1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are the trading of computers and related products.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005, except for HKFRS 3 Business Combinations. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30th June, 2005.

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1st January, 2005. The Group has not entered into any business combination for which the agreement date is on or after 1st January, 2005. Therefore, HKFRS 3 did not have any impact on the Group for the year ended 30th June, 2005.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th June each year.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Basis of consolidation – *continued*

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has been passed.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and accumulated impairment losses.

Land held under lease is amortised over the remaining lease term and buildings are depreciated over a period of twenty years, both using the straight line method.

Depreciation and amortisation are provided to write off the cost of property, plant and equipment over their estimated useful lives, on a straight line basis, at the following rates per annum:

Leasehold improvements	Over the term of the lease
Furniture and fixtures	20%
Office equipment and computers	20%
Motor vehicles	30%

In previous years, depreciation was provided to write off the cost of property, plant and equipment over their estimated useful lives using the reducing balance method. With effect from 1st July, 2004, property, plant and equipment is to be depreciated using the straight line method. This change in accounting estimates reflects the Group's best estimates of the remaining useful lives of its property, plant and equipment. The change in depreciation rate has increased the depreciation charge for the year by approximately HK$84,000.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Goodwill

Goodwill arising on consolidation before 1st January, 2005 represented the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. In previous years, goodwill was capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries was presented separately in the balance sheet.

In previous years, goodwill arising from acquisition of a subsidiary was amortised on a straight line basis over a period of 3 years. With effect from 1st July, 2004, goodwill is to be amortised on a straight line basis over a period of 1 year. This change in accounting estimates reflects the Group's best estimates of the remaining economic life of the goodwill. The change in amortisation rate has increased the amortisation charge for the year by approximately HK$6,200,000.

Following the adoption of HKFRS 3 "Business Combination", goodwill arising on acquisition of subsidiaries on or after 1st January, 2005 is recognised as an asset in the balance sheet and reviewed for impairment annually. Any impairment arising on goodwill is recognised in the profit and loss account.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investments in securities – *continued*

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Taxation – *continued*

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed of.

Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the term of the relevant leases.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-sponsored pension plan are charged as expenses as they fall due.

4. SEGMENTAL INFORMATION

Turnover

Turnover represents the net amounts received and receivable for goods sold, less returns and allowance, to outside customers during the year.

Business segments

Turnover and contribution to operating results and assets and liabilities by business segments have not been prepared as the Group's turnover was solely derived from the trading of computers and related products.

4. SEGMENTAL INFORMATION – *continued*

Geographical segments

For management purposes, the Group is currently organised into two major geographical segments based on the destination of shipment of products. These segments are the basis on which the Group reports its primary segment information.

The following is an analysis of the Group's sales by geographical market irrespective of the origin of the goods:

INCOME STATEMENT

Year ended 30th June, 2005

	Hong Kong HK$'000	The People's Republic of China (the "PRC") other than Hong Kong HK$'000	Consolidated HK$'000
TURNOVER			
External sales	54,165	11,871	66,036
RESULT			
Segment result	(2,177)	45	(2,132)
Interest income			236
Unallocated corporate income			6
Unallocated corporate expenses			(14,025)
Loss before taxation			(15,915)
Taxation	–	(48)	(48)
Net loss for the year			(15,963)

4. SEGMENTAL INFORMATION – *continued*

Geographical segments – *continued*

BALANCE SHEET

At 30th June, 2005

	Hong Kong HK$'000	PRC other than Hong Kong HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	25,360	11,390	36,750
Consolidated total assets			36,750
LIABILITIES			
Segment liabilities	2,870	139	3,009
Unallocated corporate liabilities			300
Consolidated total liabilities			3,309

OTHER INFORMATION

Year ended 30th June, 2005

	Hong Kong HK$'000	PRC other than Hong Kong HK$'000	Consolidated HK$'000
Capital additions	158	–	158
Amortisation of goodwill	12,400	–	12,400
Depreciation and amortisation of property, plant and equipment	144	4	148
Unrealised holding loss on investments in securities	121	–	121
Write-off of bad debts	69	–	69

4. SEGMENTAL INFORMATION – *continued*

Geographical segments – *continued*

INCOME STATEMENT

Year ended 30th June, 2004

	Hong Kong	PRC other than Hong Kong	Consolidated
	HK$'000	HK$'000	HK$'000
TURNOVER			
External sales	59,585	9,617	69,202
RESULT			
Segment result	(1,972)	(686)	(2,658)
Interest income			31
Unallocated corporate income			192
Unallocated corporate expenses			(8,709)
Net loss for the year			(11,144)

4. SEGMENTAL INFORMATION – *continued*

Geographical segments – *continued*

BALANCE SHEET

At 30th June, 2004

	Hong Kong	PRC other than Hong Kong	Consolidated
	HK$'000	HK$'000	HK$'000
ASSETS			
Segment assets	27,355	13,392	40,747
Unallocated corporate assets			12,400
Consolidated total assets			53,147
LIABILITIES			
Segment liabilities	3,479	14	3,493
Unallocated corporate liabilities			250
Consolidated total liabilities			3,743

OTHER INFORMATION

Year ended 30th June, 2004

	Hong Kong	PRC other than Hong Kong	Consolidated
	HK$'000	HK$'000	HK$'000
Capital additions	41	19	60
Amortisation of goodwill	6,200	–	6,200
Depreciation and amortisation of property, plant and equipment	395	3	398
Impairment loss recognised in respect of property, plant and equipment	425	–	425
Unrealised holding loss on investments in securities	422	–	422
Write-off of property, plant and equipment	848	–	848

5. LOSS BEFORE TAXATION

	2005 HK$'000	2004 HK$'000
Loss before taxation has been arrived at after charging:		
Directors' emoluments *(note 6)*	**479**	350
Other staff costs	**2,755**	2,364
Total staff costs	**3,234**	2,714
Auditors' remuneration	**392**	333
Depreciation and amortisation of property, plant and equipment	**148**	398
Impairment loss recognised in respect of property, plant and equipment	**–**	425
Unrealised holding loss on investments in securities	**121**	422
Write-off of bad debts	**69**	–
Write-off of property, plant and equipment	**–**	848
and after crediting:		
Gain on disposal of investments in securities	**–**	164

6. DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

Name of director	Fees	Other benefits	2005 Total emoluments	2004 Total emoluments
	HK$'000	HK$'000	HK$'000	HK$'000
Executive director				
Ms. Zhou Liping	178	74	252	109
Independent non-executive directors				
Mr. Shea Chun Lok, Quadrant	99	–	99	120
Mr. Ngai Chi Yung	60	–	60	4
Mr. Chan Yiu Kwong	68	–	68	4
Mr. Tsang Link Carl, Brian (resigned on 10th June, 2004)	–	–	–	113
	227	–	227	241
Total emoluments			479	350

During the years ended 30th June, 2005 and 2004, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments in both years.

7. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none (2004: none) was a director of the Company. The emoluments of the five (2004: five) individuals were as follows:

	2005	2004
	HK$'000	HK$'000
Salaries and other benefits	**1,343**	1,293
Contributions to retirement benefits scheme	**59**	53
	1,402	1,346

Their emoluments were within the following band:

	Number of employees	
	2005	2004
Nil to HK$1,000,000	**5**	5

8. TAXATION

The tax charge for the year ended 30th June, 2005 represented the PRC enterprise income tax of a subsidiary calculated at the applicable rate prevailing. No provision was made for such tax for the year ended 30th June, 2004 as the subsidiary incurred a loss for the year.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's operations in Hong Kong incurred tax losses for both years.

The tax charge for the year can be reconciled to the loss before taxation as follows:

	2005	2004
	HK$'000	HK$'000
Loss before taxation	**(15,915)**	(11,144)
Tax at Hong Kong Profits Tax rate of 17.5% (2004: 17.5%)	**(2,785)**	(1,950)
Tax effect of expenses not deductible for tax purposes	**2,170**	1,168
Tax effect of income not taxable for tax purposes	**(40)**	(1)
Tax effect of deferred tax assets (utilised) not recognised	**(211)**	242
Tax effect of tax losses not recognised	**875**	486
Effect of different tax rates of a subsidiary operating in the PRC	**39**	55
Tax charge for the year	**48**	–

At 30th June, 2005, the Group has deductible temporary differences and unused tax losses of approximately HK$363,000 (2004: HK$1,569,000) and HK$72,495,000 (2004: HK$67,766,000) respectively available for offset against future profits. No deferred tax assets have been recognised in the financial statements due to the unpredictability of the future profits streams. The tax losses may be carried forward indefinitely.

9. LOSS PER SHARE

The calculation of the loss per share is based on the net loss for the year of approximately HK$15,963,000 (2004: HK$11,144,000) and on weighted average of 55,523,633 (2004: 51,732,650) shares in issue throughout the year.

Diluted loss per share has not been presented as there is no dilutive potential ordinary shares in issue for both years.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improve-ments	Furniture and fixtures	Office equipment and computers	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP						
COST						
At 1st July, 2004	6,193	–	23	160	809	7,185
Additions	–	134	18	6	–	158
Disposals	(6,193)	–	–	–	–	(6,193)
At 30th June, 2005	**–**	**134**	**41**	**166**	**809**	**1,150**
DEPRECIATION, AMORTISATION AND IMPAIRMENT						
At 1st July, 2004	3,343	–	7	80	759	4,189
Provided for the year	–	30	14	54	50	148
Eliminated on disposals	(3,343)	–	–	–	–	(3,343)
At 30th June, 2005	**–**	**30**	**21**	**134**	**809**	**994**
NET BOOK VALUES						
At 30th June, 2005	**–**	**104**	**20**	**32**	**–**	**156**
At 30th June, 2004	2,850	–	16	80	50	2,996

The leasehold land and buildings, which were situated in Hong Kong and held under medium-term leases, were disposed of during the year.

11. GOODWILL

	THE GROUP HK$'000
COST	
At 1st July, 2004 and 30th June, 2005	18,600
AMORTISATION	
At 1st July, 2004	6,200
Provided for the year	12,400
At 30th June, 2005	**18,600**
NET BOOK VALUE	
At 30th June, 2005	**–**
At 30th June, 2004	12,400

12. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2005 HK$'000	2004 HK$'000
Unlisted investments, at cost (net of impairment loss recognised)	**2**	12,402
Amounts due from subsidiaries	**124,701**	126,158
Less: Impairment losses recognised	**(91,759)**	(88,775)
	32,942	37,383
	32,944	49,785

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of the directors, the amounts will not be received within the next twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current.

Details of the Company's subsidiaries at 30th June, 2005 are set out in note 25.

13. INVENTORIES

Inventories represented goods held for resale and were carried at cost at 30th June, 2004.

14. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers. An aged analysis of trade receivables is as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Trade receivables		
0-30 days	**5,480**	7,337
31-60 days	**135**	826
Over 60 days	**1**	23
	5,616	8,186
Deposits and prepayments	**1,454**	100
	7,070	8,286

15. INVESTMENTS IN SECURITIES

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Other investments, at market value		
Listed equity securities in Hong Kong	**2,161**	685

16. TRADE AND OTHER PAYABLES

An aged analysis of trade payables is as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Trade payables		
0-30 days	**2,680**	3,036
31-60 days	**3**	99
Over 60 days	**–**	22
	2,683	3,157
Other payables and accrued charges	**626**	559
	3,309	3,716

17. SHARE CAPITAL

	Number of shares		Amount	
	2005	2004	**2005**	2004
			HK$'000	HK$'000
Authorised:				
At beginning and at end of year	**1,500,000,000**	1,500,000,000	**150,000**	150,000
Issued and fully paid:				
At beginning of the year	**1,110,472,663**	925,472,663	**111,047**	92,547
Issue of shares in consideration of the acquisition of a subsidiary *(note i)*	**–**	185,000,000	**–**	18,500
Arising on capital reorganisation *(note ii)*	**(1,054,949,030)**	–	**(105,495)**	–
At end of year	**55,523,633**	1,110,472,663	**5,552**	111,047

17. SHARE CAPITAL – *continued*

Notes:

(i) On 5th November, 2003, the Company entered into a Sale and Purchase Agreement (the "Agreement") with Aster Well Limited (the "Seller"). Pursuant to the Agreement, the Company agreed to acquire from the Seller the entire issued and paid-up share capital of Carion Technology Limited, for a consideration of HK$18,500,000 settled by the issuance of 185,000,000 new shares of HK$0.10 each at HK$0.10 per share, the market value of each share on the date the contract was concluded. All the shares issued during the year rank pari passu with the then existing shares in all respects.

(ii) At the special general meeting of the Company held on 23rd July, 2004, the shareholders approved the following changes in the share capital of the Company (the "capital reorganisation"):

(a) the nominal value of all issued shares of HK$0.10 each be reduced by HK$0.095 each by cancelling an equivalent amount of paid-up capital per share so that the nominal value of each such share was reduced from HK$0.10 to HK$0.005. The credit arising from such reduction was credited to the contributed surplus account of the Company;

(b) every 20 issued shares of HK$0.005 each in the capital of the Company be consolidated into one consolidated share of HK$0.10;

(c) the share premium of the Company be cancelled and the credit arising therefrom was credited to the contributed surplus account of the Company; and

(d) the credit transferred to the contributed surplus account of the Company mentioned in (a) and (c) above was used to set off against the accumulated losses of the Company.

18. RESERVES

	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
THE COMPANY				
At 1st July, 2003	37,959	60,859	(149,356)	(50,538)
Share issue expenses	(18)	–	–	(18)
Net loss for the year	–	–	(10,534)	(10,534)
At 30th June, 2004 and 1st July, 2004	37,941	60,859	(159,890)	(61,090)
Arising from capital reorganisation *(note ii)*				
Capital reduction	–	105,495	–	105,495
Cancellation of share premium	(37,941)	37,941	–	–
Set off against the accumulated losses	–	(143,436)	143,436	–
Net loss for the year	–	–	(16,779)	(16,779)
At 30th June, 2005	**–**	**60,859**	**(33,233)**	**27,626**

The contributed surplus of the Company represents the difference between the book value of the underlying net assets of the subsidiaries which were acquired by the Company and the nominal amount of the share capital issued by the Company under a group reorganisation taken place in March 1993.

Under the company law in Bermuda, contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if,

a. it is, or would after the payment be, unable to pay its liabilities as they become due; or

b. the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At the balance sheet date, the Company had HK$Nil (2004: HK$Nil) reserves available for distribution to shareholders.

19. ACQUISITION OF A SUBSIDIARY

The Group acquired the entire issued share capital of Carion Technology Limited for a consideration of HK$18.5 million and incidental cost of approximately HK$102,000 during the year ended 30th June, 2004. This transaction had been accounted for using the purchase method of accounting.

	2005 HK$'000	2004 HK$'000
Net assets acquired:		
Property, plant and equipment	–	41
Trade and other receivables	–	1,731
Bank balances and cash	–	137
Trade and other payables	–	(1,907)
	–	2
Goodwill	–	18,600
	–	18,602
Satisfied by:		
Expenses paid in relation to the acquisition	–	102
Issue of shares	–	18,500
	–	18,602
Cash inflow arising on acquisition:		
Expenses paid in relation to the acquisition	–	(102)
Bank balances and cash acquired	–	137
Net inflow of cash and cash equivalents in respect of acquisition of a subsidiary	–	35

The subsidiary acquired during the year ended 30th June, 2004 contributed approximately HK$16,236,000 to the Group's turnover, and a loss of approximately HK$53,000 to the Group's loss for that year.

20. PLEDGE OF ASSETS

At 30th June, 2005, the Group pledged bank deposits of approximately HK$75,000 (2004: HK$75,000) to secure general banking facilities granted to a subsidiary.

The Company did not pledge any of its assets for both years.

21. OPERATING LEASE COMMITMENTS

The Group as lessee

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Minimum lease payments paid under operating leases in respect of land and buildings	**417**	221

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	THE GROUP	
	2005	2004
	HK$'000	HK$'000
Within one year	**307**	163
In the second to fifth year inclusive	**289**	19
	596	182

Operating lease payments represent rentals payable by the Group for staff quarters and office premises. Leases are negotiated for terms of one to three years.

The Company had no commitments under operating leases for both years.

22. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

Employees of the Group in the PRC are members of the state-sponsored pension operated by the PRC Government. The Group are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

The total cost charged to the income statement of HK$122,000 (2004: HK$101,000) represents contributions payable to the retirement benefits schemes by the Group in respect of the current year.

23. SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 20th March, 2002 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

All of the share options were lapsed at 30th June, 2003 and no share option has been granted to the directors or employees of the Group during the year ended 30th June, 2005.

24. POST BALANCE SHEET EVENT

On 22nd August, 2005, the Company raised net proceeds of approximately HK$2.6 million by an open offer of 27,761,816 offer shares at HK$0.10 per share on the basis of one offer share for every two shares held ("Open Offer") to provide additional working capital for the Group. Upon completion of the Open Offer, the number of ordinary shares issued and fully paid of the Company was increased from 55,523,633 to 83,285,449.

25. PARTICULARS OF PRINCIPAL SUBSIDIARIES

At 30th June, 2005, the Company had interests in the following principal subsidiaries:

Name of subsidiary	Place of incorporation or registration/ operations	Paid-up issued/ registered ordinary share capital	Proportion of nominal value of issued share capital/registered capital held by		Principal activities
			Company	Subsidiaries	
			%	%	
Carion Technology Limited	Hong Kong	HK$10,000	100	–	Trading of computer related products
Shanghai Classic Limited	British Virgin Islands	US$1	100	–	Investment holding
Wanon Industries Limited	Hong Kong	HK$500,000	100	–	Trading of computers and related products
Wanon Trading Limited	Hong Kong	HK$2	–	100	Trading of computer related products
上海建開國際貿易有限公司*	PRC	HK$11,000,000	–	100	Trading of computer related products

None of the subsidiaries had issued any debt securities at any time during the year or at the end of year.

* It is a wholly foreign owned enterprise.