

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2005, the Group's turnover increased by 23% to HK\$ 579 million (2004: HK\$ 469 million) and net profit significantly increased from HK\$ 4 million to HK\$ 45 million, including gain on disposal of investment properties and leasehold land and buildings amounted to HK\$37 million, in comparison with the corresponding period of last year.

Sales of mobile phones

The sales of mobile phones continue to be the Group's major core business for the period. The increase of the profit from HK\$ 10 million to HK\$ 12 million in the business segment was driven by the high popularity of new models launched.

As at 30 September 2005, the mobile phones retail chain of the Group, namely "Circle", operated 15 counters in the Jusco Department Stores in Hong Kong and Malaysia. In addition, the Group also operated a franchised "Nokia Professional Centre" in Mongkok.

Sales of business solutions

The sales of business solutions relate to the sales of office telephone systems, security systems and integrated services, and the provision of installation, repair and maintenance services in relation to the systems. During the period under review, the profit from this business segment decreased from HK\$ 422,000 for the corresponding period of last year to HK\$ 403,000 for the relevant period for this year. The downturn in financial performance was due to higher level of resources being input into the research and development of new network telephone system by the Group.

Property investment

Gross rental income generated from the investment properties decreased by 30% to HK\$0.8 million (2004: HK\$ 1.8 million), while the operating result decreased from a profit of HK\$ 638,000 to a loss of HK\$ 39,000. The loss was principally attributable to disposal of the investment properties by the Group during the period.

In addition, the Group had also completed the acquisition of investment properties in Hong Kong and Shanghai during the period in order to enrich our investment properties portfolio for stable rental income.

PROSPECTS

Barring unforeseen circumstances, we expect that the full year performance of the Group will have a stable growth when compared with last year.