

## RESULTS

Turnover of the Group for the six months ended 31st December, 2005 was approximately HK\$31,162,000 representing an increase of approximately 11.18% over the corresponding period in 2004. Loss for the period amounted to approximately HK\$2,451,000.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31st December, 2005.

## BUSINESS REVIEW AND PROSPECTS

There is keen competition in the market of computer consumer products and gross profit margin has decreased from 5.22% to 2.11% compared to the corresponding period in 2004.

The Group will continue its existing business which focus on the computer consumer products, including various types of computer products including wireless LAN, broadband router, Ethernet LAN, PCMCIA adapter, flash memory, card reader and various types of storage solution in Hong Kong.

The Group will continue to seek opportunities to diversify the business of the Group in order to broaden the revenue base.

## FINANCIAL HIGHLIGHT

On 22nd August, 2005, the Company raised net proceeds of approximately HK\$2.6 million by an open offer of 27,761,816 offers 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. As at 31st December 2005, the bank and cash balances were totaling approximately HK\$29,113,000. The current ratio was about 17 times with the net current assets amounting to HK\$33,837,000. Basically, its own liquid resources financed all business activities of the Company. 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, 2005, 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.

## EMPLOYMENT AND REMUNERATION POLICY

Including the directors of the Group, as at 31st December, 2005, the group employed a total of approximately 21 staff. The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. During the period under review, no share option were granted or exercised.

## SUBSTANTIAL SHAREHOLDERS

At 31st December, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

### Long positions

| Name                                     | Number of shares | Percentage of<br>the issued share<br>capital of the Company |
|--|------------------|---|
| Pioneer Wealth Limited ( <i>Note 1</i> ) | 20,297,875       | 24.37%  |
| Aster Well Limited ( <i>Note 2</i> )     | 13,957,000       | 16.76%  |

*Note 1:* The entire share capital of Pioneer Wealth Limited is beneficially owned by Ms. Deng Hong.

*Note 2:* The entire share capital of Aster Well Limited is beneficially owned by Ms. Guan Mei.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

## PURCHASE, SALE AND REDEMPTION OF SHARES

During the period for the six months ended 31st December, 2005, there was no purchase, sale or redemption of the Shares by the Company or any of its subsidiaries.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices (“GC Code”) contained in Appendix 14 of the Listing Rules during the period under review, except for the following deviation:

### **CODE PROVISION A.2.1**

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not officially have a position of Chief Executive Officer. However, Ms. Zhou Liping has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group’s business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. Nonetheless, the Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

### **CODE PROVISION A.4.1**

Code A.4.1 of CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company have not been appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the By-laws of the Company.

## **REMUNERATION COMMITTEE**

The remuneration Committee of the Company was established, with specific terms of reference in compliance with the GC Code as set out in Appendix 14 to the Listing Rules. The Committee is responsible for making recommendations to the Board on the Company’s policy and packages of employment for the Directors.

## **AUDIT COMMITTEE**

The Audit Committee was established in accordance with the requirements of the Code as set out in Appendix 14 of the Listing Rules. It comprises three Independent Non-Executive Directors of the Company to review on matters regarding internal controls and financial reporting of the Group.

**PUBLICATION OF RESULT OF THE STOCK EXCHANGE**

All information required by paragraph 46 of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of Board  
**Zhou Liping**  
*Chairman*

Hong Kong, 17th March, 2006