

After years of development, the Group has already established comprehensive coverage distribution network in most of the cities in mainland China. With the help of the self-developed real time web-based distribution resources planning system, the Group can keep track with every transaction and manage inventory and credit control effectively and efficiently. The Group will make use of this competitive advantage to develop other business models and create business opportunities for the Group. At the same time, the Group will also strengthen the relationships with the existing customers so as to build up a stronger customer base and a more efficient distribution network for the launch of any new models and products in the future.

Prospect and Outlook

With the commencement of seven new Samsung's handset models, namely E778, E788, D848, i858, X508, X638 and X688, together with the existing Nokia's handset models, namely 7610, 3220, 2600, N-Gage QD, 6021 and 6708, the management is confident that these will boost sales in the coming half year. Moreover, the Group keeps on negotiating with the vendors on the national distribution rights for other new models and some of the negotiations are at their final stages.

At the same time, the Group continues to seek for opportunities for further development, which includes developing new distribution modes to provide better supports and services to the vendors and the operators; expanding existing brand portfolio; and making use of our self-developed real-time web-based distribution resources planning system to provide added value services and supports to the vendors. The Group will also consider various M&A opportunities to diversify our business scopes. At the same time, the Group will continue reviewing its existing operating costs and pricing policy with a view to increase the Group's overall profitability.

To capitalize on the business opportunities arising from the upcoming launch of 3G mobile phones, the Group is lining up the major foreign brand 3G mobile phone manufacturers and the local operators with a view to develop new distribution modes so as to enable the Group to become a leading 3G mobile phone distributor in the mainland China.

PURCHASE, SALE OR REDEMPTION OF SHARES AND COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.