

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended June 30, 2003 (2002: Nil).

BUSINESS REVIEW AND OUTLOOK

For the period ended June 30, 2003, turnover of the Group decreased by 1.73% to HK\$1,700,531,000 while profit for the period dropped to HK\$5,601,000 from last year's HK\$6,773,000. Earnings per share was HK2.09 cents.

Despite the outbreak of severe acute respiratory syndrome ("SARS") in the region, Hong Kong and the PRC sales only reduced marginally by 1.52% compared to corresponding period in last year. Thailand performed very well and recorded a hefty sales increase of 41.67% for the first half of the year. Decrease of group turnover was due to reduced sales from the operations in Singapore and Malaysia resulting from SARS and weaker economy and demand for IT products.

The Group continues to explore various products for sales with higher profit margin. For the six months ended June 30, 2003, GP was 4.47% compared to last year corresponding period of 4.20%. The Group made effort to reduce operation costs, improve inventories and accounts receivable management and as a result, administrative expenses decreased by 14.36%. The Group has made a substantial provision for doubtful debts, excluding this once-off provision, distribution costs decreased by 18.19%. Finance costs increased by 55.95% mainly due to increase use of bank facilities for the fast growing business operations in Thailand.

The Directors hope that the economy situation for the second half of 2003 would be better in view of a stronger US market and improve market situation in the region. The Directors will take step to strengthen and improve our business in Malaysia and Singapore. The Group's strong distribution network coupled with the Group's strong financial position, experienced management team and past experience in handling external adversities will help to weather any uncertainties that may arise.

The Group is one of the largest distributor for IT products in the region and the Group represents many of the world leading IT vendors.