

The board of directors (the “Board”) of Digital China Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2004 together with the comparative figures for the corresponding period of the last financial year.

## CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 30 September 2004 (Unaudited) HK\$'000	Six months ended 30 September 2004 (Unaudited) HK\$'000	Three months ended 30 September 2003 (Unaudited) HK\$'000	Six months ended 30 September 2003 (Unaudited) HK\$'000
	Notes				
<b>Turnover</b>	2	<b>4,141,875</b>	<b>7,595,820</b>	3,719,574	7,020,122
Cost of inventories sold and services provided		<b>(3,830,840)</b>	<b>(7,010,085)</b>	(3,519,531)	(6,595,662)
Selling expenses		<b>(26,342)</b>	<b>(49,445)</b>	(23,510)	(42,048)
Promotion and advertising expenses		<b>(20,010)</b>	<b>(38,428)</b>	(23,125)	(42,646)
Staff costs		<b>(94,781)</b>	<b>(183,236)</b>	(90,113)	(171,022)
Other operating income/(expenses), net		<b>(81,062)</b>	<b>(172,997)</b>	16,174	(217,456)
<b>Earnings/(Loss) before interest, tax and depreciation</b>		<b>88,840</b>	<b>141,629</b>	79,469	(48,712)
Depreciation		<b>(13,945)</b>	<b>(28,132)</b>	(12,939)	(25,726)
Interest income	2	<b>676</b>	<b>1,645</b>	616	1,378
<b>Profit/(Loss) from operating activities</b>	3	<b>75,571</b>	<b>115,142</b>	67,146	(73,060)
Finance costs		<b>(13,270)</b>	<b>(23,896)</b>	(10,252)	(23,603)
Share of profits/(losses) of associates		<b>796</b>	<b>765</b>	(1,050)	(4,077)
<b>Profit/(Loss) before tax</b>		<b>63,097</b>	<b>92,011</b>	55,844	(100,740)
Tax	4	<b>722</b>	<b>607</b>	965	7,774
<b>Profit/(Loss) before minority interests</b>		<b>63,819</b>	<b>92,618</b>	56,809	(92,966)
Minority interests		<b>1,368</b>	<b>2,905</b>	864	2,004
<b>Net profit/(loss) from ordinary activities attributable to shareholders</b>		<b>65,187</b>	<b>95,523</b>	57,673	(90,962)
<b>Earnings/(Loss) per share</b>	5				
— Basic (HK cents)			<b>11.10</b>		(10.59)
— Diluted (HK cents)			<b>11.07</b>		N/A