



嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda with company registration number 32514)

Full Year Financial Statements And Dividend Announcement
for the Year Ended 30 June 2005

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

Karin Technology Holdings Limited (the “Company”) was incorporated on 30 August 2002 and was listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 2 March 2005. Pursuant to the restructuring exercise on 26 January 2003 as described in the Prospectus dated 21 February 2005, the Company acquired the entire equity interest in Karin Technology (BVI) Limited and became the ultimate holding company of Karin Technology (BVI) Limited and its subsidiaries, collectively referred as the “Group”.

***The initial public offering of the shares in the capital of Karin Technology Holdings Limited in March 2005 was sponsored by OCBC Bank.**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

Year ended 30 June 2005

	2005 HK\$'000	2004 HK\$'000
REVENUE	1,116,017	1,098,758
Cost of sales	(1,025,828)	(1,018,391)
Gross profit	90,189	80,367
Other operating income	2,272	2,252
Selling and distribution costs	(26,553)	(19,543)
Administrative expenses	(30,913)	(31,262)
Other operating expenses, net	(1,449)	(1,033)
PROFIT FROM OPERATING ACTIVITIES	33,546	30,781
Finance costs	(3,372)	(2,114)
PROFIT BEFORE TAX	30,174	28,667
Tax	(4,094)	(5,097)
PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>26,080</u>	<u>23,570</u>

The Group's profit from operating activities is arrived at after charging/(crediting):

	Group	
	2005 HK\$'000	2004 HK\$'000
Amortisation of goodwill*	-	842
Auditors' remuneration	850	580
Cost of inventories sold	1,015,853	1,014,402
Depreciation	2,260	2,041
Directors' remuneration:		
- Fees	168	-
- Other emoluments	4,648	3,516
	<u>4,816</u>	<u>3,516</u>
Exchange (gains)/losses, net	298	(694)
Operating lease rentals in respect of land and buildings	1,390	1,240
(Write back of provision)/provision for and write off of bad and doubtful debts, net	(51)	880
(Write back of provision)/provision for and write off of obsolete inventories	(859)	3,989
Staff costs (excluding directors' remuneration):		
Wages and salaries	34,042	27,398
Pension contributions	1,448	1,442
	<u>35,490</u>	<u>28,840</u>
Gross rental income	(555)	(297)
Less: Outgoings	<u>373</u>	<u>146</u>
Net rental income	<u>(182)</u>	<u>(151)</u>
Interest income	<u>(625)</u>	<u>(688)</u>

*The adoption of IFRS 3 has resulted in a change of accounting treatment for goodwill. For details, please refer to Q4 and Q5 on changes in accounting policies.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

The Group

30 June 2005

	2005 HK\$'000	2004 HK\$'000
NON-CURRENT ASSETS		
Fixed assets	28,824	24,175
Goodwill	2,356	2,356
Deferred tax assets	1,050	-
	<u>32,230</u>	<u>26,531</u>
CURRENT ASSETS		
Inventories	77,303	83,017
Trade and bills receivables	198,212	213,123
Prepayments, deposits and other receivables	4,421	7,751
Pledged short term investment	-	4,694
Pledged deposit	-	328
Cash and cash equivalents	66,758	8,977
	<u>346,694</u>	<u>317,890</u>
CURRENT LIABILITIES		
Trade and bills payables	147,252	194,020
Other payables and accruals	12,323	7,844
Tax payable	6,502	6,249
Interest-bearing bank and other borrowings	75,201	44,887
	<u>241,278</u>	<u>253,000</u>
NET CURRENT ASSETS	<u>105,416</u>	<u>64,890</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	137,646	91,421
NON-CURRENT LIABILITIES		
Finance lease payables	485	-
Deferred tax liabilities	830	57
	<u>1,315</u>	<u>57</u>
	<u>136,331</u>	<u>91,364</u>
CAPITAL AND RESERVES		
Issued capital	20,200	200
Reserves	104,011	70,924
Proposed dividends	12,120	20,240
	<u>136,331</u>	<u>91,364</u>

The Company
30 June 2005

	2005 HK\$'000	2004 HK\$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	<u>73,931</u>	<u>73,931</u>
CURRENT ASSETS		
Prepayments and other receivables	124	-
Amounts due from subsidiaries	36,331	-
Cash and cash equivalents	<u>530</u>	<u>-</u>
	<u>36,985</u>	<u>-</u>
CURRENT LIABILITIES		
Other payables and accruals	<u>1,141</u>	<u>-</u>
NET CURRENT ASSETS	<u>35,844</u>	<u>-</u>
	<u>109,775</u>	<u>73,931</u>
CAPITAL AND RESERVES		
Issued capital	20,200	200
Reserves	77,455	53,491
Proposed dividends	<u>12,120</u>	<u>20,240</u>
	<u>109,775</u>	<u>73,931</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand

As at 30 June 2005		As at 30 June 2004	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
17,001	58,200	44,887	-

Amount repayable after one year

As at 30 June 2005		As at 30 June 2004	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
485	-	-	-

Details of any collaterals

As at the balance sheet date, the above bank borrowings of HK\$58,200,000 were covered by cross guarantees given by the Company and certain of its subsidiaries.

As at the balance sheet date, the above bank borrowings of HK\$16,859,000 were secured by certain bills and account receivables of the subsidiaries, and the finance lease obligations of HK\$627,000 (of which HK\$142,000 was repayable in one year and HK\$485,000 was repayable after one year) were secured by the underlying assets acquired.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group		
Year ended 30 June 2005	2005 HK\$'000	2004 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	30,174	28,667
Adjustments for:		
Finance costs	3,372	2,114
Interest income	(625)	(688)
Depreciation	2,260	2,041
Amortisation of goodwill	-	842
Gain on disposal of short term investment	(97)	-
(Write back of provision)/provision for and write off of obsolete inventories	(859)	3,989
(Write back of provision)/provision for and write off of bad and doubtful debts	(51)	880
Operating profit before working capital changes	34,174	37,845
Decrease/(increase) in inventories	6,573	(31,233)
Decrease/(increase) in trade and bills receivables	14,962	(53,944)
Decrease/(increase) in prepayments, deposits and other receivables	3,330	(1,235)
(Decrease)/increase in trade and bills payables	(46,768)	77,213
Increase in other payables and accruals	4,479	168
Cash generated from operations	16,750	28,814
Interest paid	(3,340)	(2,114)
Interest element on finance lease	(32)	-
Dividends paid	(20,240)	(5,060)
Profits tax paid	(4,604)	(4,427)
Net cash inflow/(outflow) from operating activities	(11,466)	17,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(3,382)	(351)
Interest received	625	688
Proceeds from disposal of short term investment	4,791	-
Decrease in time deposit	-	1,249
Purchase of pledged short term investment	-	(4,694)
Decrease in pledged deposit	328	4,672
Net cash inflow from investing activities	2,362	1,564

The Group
Year ended 30 June 2005

	2005 HK\$'000	2004 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	49,789	-
Share issue expenses	(12,952)	-
New bank loans	65,019	14,270
Repayment of bank loans	(22,196)	(18,797)
Decrease in bank loans with maturity period of three months or less	(1,284)	(15,872)
(Decrease)/increase in trust receipt and import loans	(11,367)	3,610
Capital element of finance lease rental payments	(124)	-
Net cash inflow/(outflow) from financing activities	<u>66,885</u>	<u>(16,789)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,781	1,988
Cash and cash equivalents at beginning of year	<u>8,977</u>	<u>6,989</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>66,758</u>	<u>8,977</u>
RECONCILIATION OF BALANCES OF CASH AND CASH EQUIVALENTS TO CASH AND BANK BALANCES		
Cash and bank balances	66,758	9,305
Less: Pledged deposit	<u>-</u>	<u>(328)</u>
	<u>66,758</u>	<u>8,977</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

	Issued share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Fixed asset revaluation reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000	Total HK\$'000
At 1 July 2003	200	-	898	-	66,696	5,060	72,854
Profit for the year	-	-	-	-	23,570	-	23,570
Final dividend paid	-	-	-	-	-	(5,060)	(5,060)
Proposed final dividend	-	-	-	-	(20,240)	20,240	-
At 30 June 2004 and at 1 July 2004	200	-	898	-	70,026	20,240	91,364
Fair value revaluation of land and buildings, net of deferred tax effect	-	-	-	2,290	-	-	2,290
Total income for the year recognised directly in equity	-	-	-	2,290	-	-	2,290
Profit for the year	-	-	-	-	26,080	-	26,080
Total income for the year	-	-	-	2,290	26,080	-	28,370
Bonus issue	14,800	-	-	-	(14,800)	-	-
Issue of shares to public	5,200	44,589	-	-	-	-	49,789
Share issue expenses	-	(12,952)	-	-	-	-	(12,952)
Final dividend paid	-	-	-	-	-	(20,240)	(20,240)
Special dividend	-	-	-	-	(7,272)	7,272	-
Proposed final dividend	-	-	-	-	(4,848)	4,848	-
At 30 June 2005	<u>20,200</u>	<u>31,637</u>	<u>898</u>	<u>2,290</u>	<u>69,186</u>	<u>12,120</u>	<u>136,331</u>

Company

	Share capital HK\$'000	Contributed surplus HK\$'000	Share premium HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000	Total HK\$'000
At 1 July 2003	200	68,671	-	-	5,060	73,931
Profit for the year	-	-	-	5,060	-	5,060
Final dividend paid	-	-	-	-	(5,060)	(5,060)
Proposed final dividend	<u>-</u>	<u>(20,240)</u>	<u>-</u>	<u>-</u>	<u>20,240</u>	<u>-</u>
At 30 June 2004 and at 1 July 2004	200	48,431	-	5,060	20,240	73,931
Bonus issue	14,800	-	-	(14,800)	-	-
Issue of shares to public	5,200	-	44,589	-	-	49,789
Share issue expenses	-	-	(12,952)	-	-	(12,952)
Profit for the year	-	-	-	19,247	-	19,247
Final dividend paid	-	-	-	-	(20,240)	(20,240)
Special dividend	-	(7,272)	-	-	7,272	-
Proposed final dividend	<u>-</u>	<u>(4,848)</u>	<u>-</u>	<u>-</u>	<u>4,848</u>	<u>-</u>
At 30 June 2005	<u>20,200</u>	<u>36,311</u>	<u>31,637</u>	<u>9,507</u>	<u>12,120</u>	<u>109,775</u>

1(d)(ii)Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 30 June 2004, the issued and paid-up share capital of the Company was HK\$200,000, divided into 2,000,000 ordinary shares of HK\$0.10 each.

On 20 January 2005, the issued and paid-up share capital of the Company was increased to HK\$15,000,000, divided into 150,000,000 ordinary shares of HK\$0.10 each by way of a bonus issue of 148,000,000 shares credited as fully paid by capitalisation of HK\$14,800,000 out of the retained earnings.

On 1 March 2005, the Company allotted and issued 52,000,000 new shares by way of public offer and placement.

On 2 March 2005, the Company's ordinary shares were listed on the SGX-ST.

As at 30 June 2005, the Company's issued share capital was HK\$20,200,000, divided into 202,000,000 ordinary shares of HK\$0.10 each.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the year ended June 2005 as compared with the audited financial statements of the Group for the year ended 30 June 2004 as included in the Company's prospectus dated 21 February 2005, except for:-

(a) the adoption of International Financial Reporting Standard ("IFRS") 3 "Business Combination" and revised International Accounting Standard ("IAS") 36 "Impairment of

Assets” and revised IAS 38 “Intangible Assets” which are mandatory for financial years beginning on or after 31 March 2004; and

(b) the change in accounting policy for measuring land and buildings from the cost basis to fair value according to IAS 16: “Property, Plant and Equipment”.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In accordance with provisions of the IFRS3, the Group ceased amortisation of goodwill and goodwill is tested annually for impairment as well as when there are indications of impairment from the current financial year onwards. Prior to the adoption, goodwill was amortised on the straight-line basis over 5 years. The effect of the change results in an increase in profit before tax by approximately HK\$0.8 million, equivalent to the annual amortisation of goodwill.

The Group decided to change its accounting policy for the measurement of land and buildings as it will provide more relevant and reliable information about the carrying amount of these assets. Management believes that using revalued amounts will impart more accurate information as to the appropriate value that the Group will receive from this class of assets. The effect of the change results in an increase in revaluation reserve by approximately HK\$2.3 million.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The Group

	Year ended 30 June	
	2005	2004
Earnings per share (HK cents)	<u>15.6</u>	<u>15.7</u>
Profit applicable to ordinary shareholders for earnings per share (HK\$'000)	<u>26,080</u>	<u>23,570</u>

The calculation of basic earnings per share for the year ended 30 June 2005 and 2004 was based on the profit from ordinary activities attributable to shareholders for the respective years and the respective weighted average of 167,238,356 and 150,000,000, which has been adjusted to reflect the bonus issue in January 2005, ordinary shares in issue during the year.

No diluted earnings per share is presented as there were no potential dilutive ordinary shares during the year ended 30 June 2005 and 2004.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

The Group

	As at 30 June 2005	As at 30 June 2004
Net asset value per ordinary share (HK cents)	67.5	60.9

The Company

	As at 30 June 2005	As at 30 June 2004
Net asset value per ordinary share (HK cents)	54.3	49.3

Net asset value per ordinary share as at 30 June 2005 and 2004 was respectively based on the existing issued share capital as at end of the year of 202,000,000 shares and the issue share capital of 150,000,000 shares, which has been adjusted to reflect the bonus issue in January 2005.

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit and Loss

Turnover

Turnover increased by approximately HK\$17 million or 1.5 %, from HK\$1,099 million for the year ended 30 June 2004 to HK\$1,116 million for the year ended 30 June 2005.

Revenue from our Components Distribution segment increased by HK\$29 million or 7.5 %, from HK\$386 million for the year ended 30 June 2004 to HK\$415 million for the year ended 30 June 2005. The increase was mainly due to robust demand on mobile phone components.

Revenue from our IC Application Design segment decreased by HK\$35million or 13.8 %, from HK\$254 million for the year ended 30 June 2004 to HK\$219 million for the year ended 30 June 2005. The decrease was mainly due to completion of one-off special orders on the ICs with our application design solutions for the TV games and toys.

Revenue from our IT infrastructure segment increased by HK\$23 million or 4.8 %, from HK\$459 million for the year ended 30 June 2004 to HK\$ 482 million for the year ended 30 June 2005. The increase was mainly due to addition of new product lines.

Gross profit

Gross profit increased by approximately HK\$10 million or 12.5%, from HK\$80 million for the year ended 30 June 2004 to HK\$ 90 million for the year ended 30 June 2005. Gross profit margin recorded a slight increase of approximately 0.8 % from 7.3% for the year ended 30 June 2004 to 8.1% for the year ended 30 June 2005. The increase in gross profit was mainly attributed to improvement of gross profit margin of IT infrastructure as a result of more stringent controls on inventory management in the second half of the financial year.

Other operating income

Other operating income increased by approximately HK\$0.02 million or 0.8 %, from HK\$2.25 million for the year ended 30 June 2004 to HK\$2.27 million for the year ended 30 June 2005. The increase was mainly due to an increase in the provision of consultancy services to clients in PRC.

Selling and distribution costs

Selling and distribution costs increased by approximately HK\$7 million or 35.9%, from HK\$19.5 million for the year ended 30 June 2004 to HK\$26.6 million for the year ended 30 June 2005. The increase was mainly attributable to the increase in salaries and bonus paid due to net additions of the number of staff under the sale and marketing division. The number of headcounts under sales and marketing divisions increased by 26.2%, from 65 employees as at 30 June 2004 to 82 employees as at 30 June 2005. The majority of the increase was in the last quarter of the FY2005.

Administrative expenses

Administrative expenses slightly decreased by approximately HK\$0.4 million or 1.3%, from HK\$31.3 million for the year ended 30 June 2004 to HK\$30.9 million for the year ended 30 June 2005. The decrease was mainly attributable to stringent cost control, despite the total number of headcounts for the Group (other than sale and marketing division) having increased by 7.9%, from 152 employees as at 30 June 2004 to 164 employees as at 30 June 2005. The majority of the increase was in the last quarter of the FY2005.

Other operating expenses

Other operating expenses increased by approximately HK\$0.42 million or 40.7%, from HK\$1.03 million for the year ended 30 June 2004 to HK\$1.45 million for the year ended 30 June 2005. The increase was mainly due to product developments costs.

Finance costs

Finance costs increased by approximately HK\$1.3 million or 62%, from HK\$2.1 million for the year ended 30 June 2004 to HK\$3.4 million for the year ended 30 June 2005. The increase was mainly attributable to an increase in the average level of borrowings by our Group during the financial year.

Profit before tax

The profit before tax increased by approximately HK\$1.5 million or 5.2%, from HK\$28.7 million for the year ended 30 June 2004 to HK\$30.2 million for the year ended 30 June 2005. The increase was mainly attributable to the increase in the total turnover and better gross profit margin achieved for FY2005.

Balance Sheet

Non-current assets

As at 30 June 2005, non-current assets amounted to approximately HK\$32.2 million, an increase of HK\$5.7 million compared to the immediately preceding financial year end as at 30 June 2004. The increase was due to upward revaluation of land and buildings, recognition of deferred tax assets as a result of temporary differences between carrying amounts and tax bases on tax losses on previous years, trade receivables and inventories together with the capital expenditures spending on expansion of the PRC's offices.

Current assets

As at 30 June 2005, current assets amounted to approximately HK\$346.7 million, an increase of HK\$28.8 million compared to the immediately preceding financial year end as at 30 June 2004. The increase was mainly due to the increases in cash and cash equivalent by approximately HK\$57.8 million. The increase was partially offset by a decrease in trade and bills receivables, inventories and prepayments, deposits and other receivables by HK\$14.9 million, HK\$5.7 million and HK\$3.3 million respectively. The decrease in trade and bills receivables was mainly due to better collection as a result of effective credit control. The decrease in inventories was mainly due to the sale of old stocks. The increase in cash and cash equivalents was mainly due to the proceeds from the listing of the Company's shares on the SGX-ST. The decrease in prepayments, deposits and other receivables was mainly due to the set off of the listing expenses relating to the listing of the Company's shares on the SGX-ST against the share premium account.

Current liabilities

As at 30 June 2005, current liabilities amounted to approximately HK\$241.3 million, a decrease of HK\$11.7 million compared to the immediately preceding financial year end as at 30 June 2004. The decrease was mainly attributed to a decrease in trade and bills payables by approximately HK\$46.7 million. The decrease was partially offset by an increase in interest-bearing bank borrowings by approximately HK\$30.3 million and an increase in other payables and accruals by approximately HK\$4.5 million. The decrease in trade and bills payables and the increase in interest-bearing bank borrowings was mainly due to the conversion on the maturity of bills payables into interest-bearing bank borrowings. The increase in other payables and accruals was due to an increase in accrual on bonuses to sales personnel as a result of increase in sales.

Non-current liabilities

As at 30 June 2005, non-current liabilities amounted to approximately HK\$1.3 million, an increase by HK\$1.25 million compared to the immediately preceding financial year end as at 30 June 2004. The increase was due to the recognition of deferred tax liabilities on land and buildings and a new finance lease for office equipment.

Liquidity and cash flow

As at 30 June 2005, cash and bank balances amounted to approximately HK\$66.8 million, an increase by HK\$57.8 million compared to the immediately preceding financial year end as at 30 June 2004. Total short-term interest bearing loans and borrowings as at 30 June 2005 were approximately HK\$75.2 million, an increase by HK\$30.3 million compared to the immediately preceding financial year end as at 30 June 2005. The increase was due to the maturity of bills payables.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Barring any unforeseen circumstances, the Directors remain cautiously optimistic about the Group's long term prospects. As the Group moves up the technology ladder and strengthens its overall technical capabilities, the Group intends to continue to expand its core activities into other related businesses.

To capture the growing market of the PRC, we have expanded our three existing liaison offices in PRC, namely Shenzhen, Beijing and Shanghai, so as to better serve our existing and prospective customers in a timely and effective manner. We also intend to work closely with our existing and potential customers and suppliers as strategic partners to further increase our market share in the PRC.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. At the AGM to be held, a special and final exempt dividend of HK3.6 cents and HK2.4 cents per share amounting to a total of HK\$12,120,000 will be recommended.

Name of dividend	Special	Final tax-exempt
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	3.6 cents per share	2.4 cents per share
Par value of share (in cent)	1 cent per share	1 cent per share
Tax rate	Not applicable	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Dividends paid by certain subsidiaries to their then shareholders prior to the Group Reorganization became effective.

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II –ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENT INFORMATION

Business segments

The following tables present segment revenue and results for the Group's business segments.

For the year ended 30 June 2005

	Component distribution HK\$'000	IC application design HK\$'000	IT infrastructure HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	415,025	218,716	482,276	1,116,017
Other revenue	<u>1,566</u>	<u>8</u>	<u>73</u>	<u>1,647</u>
Total revenue	<u>416,591</u>	<u>218,724</u>	<u>482,349</u>	<u>1,117,664</u>
Segment results	<u>11,121</u>	<u>7,263</u>	<u>14,537</u>	32,921
Interest income				<u>625</u>
Profit from operating activities				33,546
Finance costs				(3,372)
Profit before tax				30,174
Tax				(4,094)
Profit from ordinary activities attributable to shareholders				<u>26,080</u>

As at 30 June 2005

Segment assets	90,497	51,121	147,318	288,936
Unallocated assets				<u>89,988</u>
Total assets				<u>378,924</u>
Segment liabilities	43,552	28,093	82,705	154,350
Unallocated liabilities				<u>88,243</u>
Total liabilities				<u>242,593</u>

For the year ended 30 June 2005

Other segment information:	
Other non-cash expenses	292
Capital expenditure	4,133
Depreciation	<u>2,260</u>

For the year ended 30 June 2004

	Component distribution HK\$'000	IC application design HK\$'000	IT infrastructure HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	385,524	253,630	459,604	1,098,758
Other revenue	<u>1,160</u>	<u>118</u>	<u>286</u>	<u>1,564</u>
Total revenue	<u>386,684</u>	<u>253,748</u>	<u>459,890</u>	<u>1,100,322</u>
Segment results	<u>11,428</u>	<u>10,540</u>	<u>8,967</u>	30,935
Interest income				688
Amortisation of goodwill				(842)
Profit from operating activities				30,781
Finance costs				(2,114)
Profit before tax				28,667
Tax				(5,097)
Profit from ordinary activities attributable to shareholders				<u>23,570</u>

As at 30 June 2004

Segment assets	114,348	40,654	148,723	303,725
Unallocated assets				<u>40,696</u>
Total assets				<u>344,421</u>
Segment liabilities	64,368	54,887	78,348	197,603
Unallocated liabilities				<u>55,454</u>
Total liabilities				<u>253,057</u>

For the year ended 30 June 2004

Other segment information:	
Other non-cash expenses	4,869
Capital expenditure	351
Depreciation	2,041
Amortisation of goodwill	<u>842</u>

The following tables present segment revenue for the Group's geographical segments.

For the year ended 30 June 2005

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	842,813	187,008	86,196	1,116,017
Other revenue	<u>723</u>	<u>924</u>	<u>-</u>	<u>1,647</u>
Total revenue	<u>843,536</u>	<u>187,932</u>	<u>86,196</u>	<u>1,117,664</u>
Other geographical information:				
Segment assets	369,162	9,762	-	378,924
Capital expenditure	<u>3,308</u>	<u>825</u>	<u>-</u>	<u>4,133</u>

For the year ended 30 June 2004

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	840,960	218,303	39,495	1,098,758
Other revenue	<u>1,286</u>	<u>278</u>	<u>-</u>	<u>1,564</u>
Total revenue	<u>842,246</u>	<u>218,581</u>	<u>39,495</u>	<u>1,100,322</u>
Other geographical information:				
Segment assets	333,150	11,271	-	344,421
Capital expenditure	<u>162</u>	<u>189</u>	<u>-</u>	<u>351</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8.

15. A breakdown of sales as follows:-

	2005 HK\$'000 Group	2004 HK\$'000 Group	% increase/ (decrease) HK\$'000 Group
(a) Sales reported for the first half year	618,592	483,556	27.9%
(b) Operating profit after tax before deducting minority interests reported for the first half year	14,479	11,070	30.8%
(c) Sales reported for the second half year	497,425	615,202	(19.1%)
(d) Operating profit after tax before deducting minority interests reported for the second half year	11,601	12,500	(7.2%)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	As at 30 June 2005 HK\$'000	As at 30 June 2004 HK\$'000
Declared and paid during the year	-	20,240
Proposed dividends	12,120	-
Total:	<u>12,120</u>	<u>20,240</u>

BY ORDER OF THE BOARD

Ng Yuk Wing

Executive Chairman

29 August 2005