

MANAGEMENT DISCUSSION AND ANALYSIS

To Our Shareholders

On behalf of the board of directors (the "Board"), I hereby present the annual results of the Group for the financial year 2004/05. With the recent enhancement of our management team, we shall endeavor ourselves to a challenging year ahead.

FINANCIAL REVIEW

For the financial year ended 31 March 2005, the Group recorded turnover of approximately HK\$16,038,000, representing a decrease of 46% from HK\$29,738,000 of last year. Net loss for the year was approximately HK\$37,157,000, and net loss for last year was HK\$18,439,000. The gross profit margin also recorded a drop from 14% to 5% compared with last year. The drop in both turnover and gross profit margin was due to the keen and intensive market competition during the year. Moreover, as explained below, the Group has been diverting its resources to diligently search for projects with good potential.

DIVIDEND

The Board does not recommend payment of final dividend to shareholders for the year ended 31 March 2005 (2004: Nil).

管理層討論及分析

致列位股東

本人代表董事會（「董事會」）謹此呈列本集團二零零四／零五年財政年度之全年業績。隨著本公司最近強化管理團隊，本公司將會全力以赴，迎接來年度之挑戰。

財務回顧

截至二零零五年三月三十一日止財政年度，本集團錄得營業額約16,038,000港元，較去年之29,738,000港元下跌46%。本年度淨虧損約為37,157,000港元，而去年之淨虧損為18,439,000港元。邊際毛利率亦由去年之14%下跌至5%。營業額及邊際毛利率下跌乃由於年內市場競爭劇烈所致。此外，誠如下文所述，本集團一直分散資源以盡力物色具良好潛力之項目。

股息

董事會並不建議就截至二零零五年三月三十一日止年度向股東派發末期股息（二零零四年：無）。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW

The financial year ended 31 March 2005 marked a changing year for the Group. This is the year that the Group focused on exploring investment opportunities in its core business of automotive components and services. During the year, the management have been diverting resources to diligently search for projects with good potential on behalf of the Group, which led to a decline in business volume and an increase of administrative expenses. The management evaluated opportunities in a diversified range of industries. However, many of these opportunities turned out to be not suitable for the Group. After careful and thorough evaluations, it would be most appropriate for the Group to keep its own course in automotive-related industries. In the coming year, the management will make full effort to reduce the operating costs and explore more business activities aiming at turning the results of the Group from loss to profit.

During the year under review, the Group recorded a turnover of approximately HK\$16,038,000 and incurred a net loss of HK\$37,157,000. The Group's activities are now divided into the following divisions:

(a) Automotive Components

During the year, the Group's automotive component business was engaged through its subsidiary, Tianjin Guangying Automotive Mirror Company Limited ("Tianjin Guangying"). However, the business of Tianjin Guangying had been ceased since December 2004. The Group will continue to focus on automotive component businesses in the future through strategic acquisitions and operations in the People's Republic of China ("PRC").

管理層討論及分析 (續)

業務回顧

截至二零零五年三月三十一日止財政年度標誌著本集團變動之一年，亦是本集團專注拓展其核心業務汽車零件及服務投資機會之一年。年內，管理層一直分散資源以盡力為本集團物色具良好潛力之項目，導致業務量下降及行政開支增加。管理層已評估不同行業之各種機會，惟很多該等機會最終皆不適合本集團。經過謹慎及全面評估後，對本集團而言，最合適的是繼續從事與汽車相關之行業。來年，管理層將會致力削減經營成本，並開拓更多業務，務使本集團轉虧為盈。

於回顧年度內，本集團錄得約16,038,000港元之營業額，並錄得37,157,000港元之淨虧損。本集團現時之業務活動可分為下列分部：

(a) 汽車零件

年內，本集團之汽車零件業務乃透過其附屬公司天津光盈汽車鏡有限公司（「天津光盈」）進行，惟天津光盈自二零零四年十二月起已終止業務。本集團未來將會透過在中華人民共和國（「中國」）進行策略性收購及營運，繼續專注於汽車零件業務。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**BUSINESS REVIEW** (Continued)**(b) Electronic Components**

The electronic component division of the Group is mainly engaged in designs and development of proprietary integrated circuit solutions that enable display applications in a broad range of products covering the telecommunication and consumer electronics industries. The Group will evaluate whether it is justifiable to maintain this line of business with reference to the operating environment.

(c) Strategic Investments

In an effort to diversify the industry risk and to utilize idle financial resources more effectively, the directors of the Company (the "Directors") believed that appropriate strategic investments can promote the shareholder's return. As at 31 March 2005, the Company held 0.05% interest in Bangkok Mass Transit System Public Company Limited, a public company incorporated in Thailand engaged in the operation of an elevated mass transit railway in Bangkok. During the year, the Group also made investments in Hong Kong listed securities.

FUTURE PROSPECTS**The Objective of the Group**

The objective of the Group is to establish a solid platform to invest in automotive-related businesses in the PRC. Through acquisitions of projects with good potential and formation of strategic alliances, the Group can diversify its product and service lines which will, in turn, better serve its customers. Supplemented by a well-established trading platform, an extensive distribution network and sophisticated financial management, the Group is dedicated to become leader in medium term in the PRC and an international major player in long term in the automotive component distribution business in the PRC.

管理層討論及分析 (續)**業務回顧** (續)**(b) 電子零件**

本集團之電子零件分部主要從事設計及開發專利集成電路解決方案，使顯示器可廣泛應用於電訊及消費電子行業多類產品。本集團將會根據營商環境而評估應否維持該業務。

(c) 策略性投資

為分散行業風險及更有效地運用閒置財政資源，本公司董事（「董事」）相信合適之策略性投資可以提高股東投資回報。截至二零零五年三月三十一日，本公司持有Bangkok Mass Transit System Public Company Limited之0.05%權益，該公司為一家在泰國註冊成立之公眾公司，在曼谷經營架空集體運輸鐵路業務。年內，本集團亦投資香港之上市證券。

前景展望**本集團之目標**

本集團之目標乃建立一個穩固平台以投資中國之汽車相關業務，藉著收購具潛質項目及組織策略性聯盟，令本集團之產品及服務更為多元化，從而為客戶提供更佳服務；並在完善貿易平台、廣泛分銷網絡及靈活財政管理之基礎上，令本集團於中期內致力發展成為全國汽車零件分銷行業之領袖，並長遠成為中國汽車零件分銷行業之主要國際級參與者。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FUTURE PROSPECTS (Continued)

PRC Automobile Industry

The automobile production growth rate in the PRC has outperformed the GDP growth rate since 1999 and achieved an annual growth rate of approximately 39% in 2002 and over 35% in 2003. In May 2004, the State Development and Reform Commission issued No.8 Directive entitled “Development Policy for the Automobile Industry” (“Development Policy”). The Development Policy laid down a number of objectives, which included the PRC becoming a major world automobile manufacturing country before 2010 and encouraging the creation of a few large and internationally competitive automobile groups that can strive to be among the world’s top 500 enterprises by 2010.

In such an uptrend of automobile industry in the PRC, the Group is expected to benefit from numerous opportunities arising from the PRC private and state automotive component and aftermarket sectors.

The Future Development of the Group

During the year, the Directors have foreseen and spotted great opportunities within the automotive component industry. The Directors believe that the Group’s strengths can make it competitive to capture such opportunities. As such, the future direction of the Group is to distribute automotive components in the PRC and export automotive components overseas under the coordination between the headquarters of the Group and its various branch offices in Asia and North America.

Besides, the Group will adopt the following steps so as to achieve the objective of the Group in the future.

管理層討論及分析 (續)

前景展望 (續)

中國汽車業

自一九九九年，中國汽車產量之增長率一直超越國內生產總值之增長率，並於二零零二年及二零零三年分別達到年增長率約39%及超過35%。於二零零四年五月，國家發展及改革委員會發出第8號指令「汽車產業發展政策」(「產業政策」)。產業政策擬定多項目標，包括中國於二零一零年之前成為世界主要汽車生產國家，並鼓勵設立幾家大型及具國際競爭力、可於二零一零年之前躋身全球首五百大企業之汽車集團。

鑒於中國汽車業之上升勢頭，預期本集團應可從中國私營及國營汽車零件及後市場行業之大量商機中獲益。

本集團之未來發展

年內，董事會預見並把握汽車零件行業內之重大機會。董事會相信以本集團之實力，必定能把握機會取得優勢。因此，本集團之未來方向是通過本集團總部與其在亞洲與北美洲各分支辦事處之協調，在中國分銷汽車零件及出口汽車零件至海外。

除此之外，本集團將會採取以下步驟以達到本集團之未來目標。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**管理層討論及分析** (續)**FUTURE PROSPECTS** (Continued)**前景展望** (續)**The Future Development of the Group** (Continued)**本集團之未來發展** (續)**(i) Establishment of a Business-to-Business (“B2B”) internet trading platform****(i) 建立商業對商業 (「B2B」) 互聯網貿易平台**

On the current basis of the Group’s trading activity, the Group plans to invest and establish a B2B internet trading platform for its product distribution purpose. The Directors believe that the platform can greatly facilitate the capability of the Group to tender for supply of automotive components to automobile manufacturers all over the world. On the other side, the platform also enables the Group to bid for raw materials and automotive components at the most reasonable cost hence increasing the operating margin of the Group’s businesses.

在本集團貿易活動之現行基礎上，本集團會為其產品分銷目的而投資並建立一個B2B互聯網貿易平台。董事會相信該平台可以大大提升本集團向全球汽車製造商提供汽車零件之能力。另一方面，該平台亦使本集團能以最合理價格競投原材料及汽車零件，因而增加本集團業務之經營邊際利潤。

(ii) Branch Offices of the Group**(ii) 本集團之分支辦事處***Overseas offices**海外辦事處*

The Group has already registered two branch offices located in Toronto of Canada and Detroit of Michigan, the US. These two cities are the automobile manufacturing bases of the Company in North America. Meanwhile, the Group is planning to set up a branch office in Nagoya of Japan.

本集團剛在加拿大多倫多及美國密歇根州底特律市註冊成立兩間分支辦事處，該兩個城市為本公司在北美洲之汽車生產基地。同時，本集團正計劃在日本名古屋開設一間分支辦事處。

*PRC offices**中國辦事處*

Through strategic alliance with Tianjin Binhai International Automobile City Limited (“Tianjin Binhai”), the Group is planning to establish a branch office in Tianjin of the PRC. The schedule will be subject to further business negotiations and selection of an appropriate site. The Group also intends to open more branch offices in the PRC.

透過與天津濱海國際汽車城有限公司(「天津濱海」)組成策略性聯盟，本集團正計劃在中國天津市開設一間分支辦事處，有關安排將視乎進一步商談及選擇合適地點而定。本集團亦有意在中國開設更多分支辦事處。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**FUTURE PROSPECTS** (Continued)**The Future Development of the Group** (Continued)**(ii) Branch Offices of the Group** (Continued)*PRC offices* (Continued)

The functions of branch offices are to liaise more closely with customers of the Group and to seek more business opportunities. They also serve to collect the latest information of automobile and automotive component industries which the Group can quickly respond to changes in the supply and demand of relevant products. Moreover, the Group will fully utilize the branch offices to recognize potential acquisition targets which are good to the business development of the Group.

(iii) Acquisition Strategy

In the future, the Group intends to strengthen its business scale and achieve being a major participant in the automotive component and aftermarket industries by acquiring companies which produce high quality products or services. The purposes of the Group's acquisitions are: (1) to increase the market share of the Group's products; (2) to develop brand new products aiming at conquering the market rapidly; (3) to explore more new markets for the Group's products; (4) to acquire renowned brand products; and (5) to acquire unique patent or engineering technology. Subsequent to the acquisition of a particular project, the Group will deploy its resources and utilize its competitive strengths to assist the acquired company in achieving various international standards and specifications as well as capitalizing on advantageous conditions of the PRC. The Group believes that such acquisition strategy can enhance the acquired company's capability to receive sizeable orders hence bringing gains to both the Group and the acquired company.

管理層討論及分析 (續)**前景展望** (續)**本集團之未來發展** (續)**(ii) 本集團之分支辦事處** (續)*中國辦事處* (續)

分支辦事處之功能是與本集團客戶維持更緊密聯繫，以及尋求更多業務機會。該等辦事處亦用作蒐集汽車行業及汽車零件行業之最新資訊，使本集團可以迅速回應有關產品之市場供求變化。此外，本集團將充分利用分支辦事處以物色具潛力之收購目標，以利本集團之業務發展。

(iii) 收購策略

本集團日後將透過收購提供優質產品或服務之公司，加強其業務規模並成為汽車零件及後市場行業之主要參與者。本集團收購之目的為：(1)增加本集團產品之市場佔有率；(2)開發全新產品以迅速攻佔市場；(3)為本集團產品開拓新市場；(4)收購知名品牌產品；及(5)收購獨特之專利或工程技術。在收購一個特定項目後，本集團將會調撥資源及利用其競爭優勢協助該被收購公司達到各種國際標準及規格，以及利用中國之有利條件。本集團相信，該等收購策略可提升被收購公司之實力接受大額訂單，從而為本集團及被收購公司帶來收益。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**管理層討論及分析** (續)**FUTURE PROSPECTS** (Continued)**前景展望** (續)**The Future Development of the Group** (Continued)**本集團之未來發展** (續)**(iii) Acquisition Strategy** (Continued)**(iii) 收購策略** (續)

In the PRC, there are many state enterprises going to be privatized and there are also companies involved in financial and management problems, which provide the Group with numerous investment opportunities. The Group will pay more attention to those automotive component enterprises with potential growth prospects, engineering techniques and renowned brand names in the future.

在中國有很多國營企業將被私營化，亦有不少公司涉及管理及財政問題，為本集團提供不少投資機會。本集團未來將會密切留意該等具備潛在增長前景、工程技術及知名品牌之汽車零件企業。

(iv) Strategic Alliance**(iv) 策略性聯盟**

The Group also plans to expand its business coverage by formation of various strategic alliances. The objectives of strategic alliance are to share resources of each party effectively and to develop business together at a minimal cost. Through strategic alliance, crossovers of products and services become viable, with wider range of products and services provided, the Group will be able to enlarge its potential customer base.

本集團亦計劃透過組成各種策略性聯盟，以擴大本集團之業務覆蓋範圍。策略性聯盟之目標為有效分享各方資源及以最低成本共同發展業務。通過策略性聯盟，實現產品及服務之交叉銷售，以及提供更廣泛之產品及服務，本集團將可擴大其潛在客戶群。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RECENT CORPORATE ACTIVITIES

Potential Acquisition of Challenger Group of Companies Limited (“Challenger”)

On 16 June 2005, the Group entered into a non-legally binding Memorandum of Understanding with Challenger and its shareholders, pursuant to which the Group intends to acquire 30% of the existing shares of Challenger from its existing shareholders on a pro rata basis at a consideration of not less than HK\$9,000,000, which is expected to be satisfied by the issue of convertible notes, and to subscribe new shares of Challenger representing not less than 20% priority of the enlarged issued share capital of Challenger at a cash consideration of HK\$15 million. The Group shall be entitled to a 20% priority return per annum on the total investment paid by the Group (which ranks prior to other shareholders of Challenger) for the first three financial years after completion. Challenger is principally engaged in auto servicing businesses which include provision of car detailing and protection service, auto repair, maintenance and modification and 24-hour on-road rescue and breakdown services. Challenger has established over 30 chain stores in Hong Kong and 3 chain stores in Macau under its own brand name of “CHALLENGER”. The Directors consider that such proposed investment can further extend the scope of its businesses into auto servicing businesses.

Strategic Alliance with Tianjin Binhai

In July 2005, the Group entered into a cooperative agreement with Tianjin Binhai to form a strategic alliance. Under the agreement, both parties will look for business opportunities and invest in automotive-related industries. The Group will also explore the PRC and overseas markets together with Tianjin Binhai and will share resources each other within the cooperative coverage.

Other than the above two projects, the management has recently identified a few acquisition targets and commenced negotiations. However, all negotiations are at a preliminary stage and announcement will be made when any agreement is reached.

管理層討論及分析 (續)

近期公司動向

潛在收購 Challenger Group of Companies Limited (「挑戰者」)

於二零零五年六月十六日，本集團與挑戰者及其股東訂立無法律約束力之諒解備忘錄，據此，本集團擬以不少於9,000,000港元之代價（預期將以發行可換股票據之方式支付），向挑戰者現有股東按比例收購挑戰者之30%現有股份，並擬以現金代價15,000,000港元認購挑戰者之新股份，該等股份佔挑戰者經擴大後已發行股本不少於20%。本集團有權於完成後首三個財政年度內，就本集團支付之投資總額，收取每年20%之優先回報（較挑戰者其他股東優先收取）。挑戰者主要從事汽車服務業務，包括提供汽車美容服務、汽車維修、保養及改裝車服務及二十四小時緊急拖車及路面支援服務。挑戰者以本身「挑戰者」之品牌，於全港設有超過30間連鎖店及於澳門設有3間連鎖店。董事會認為該項建議投資可將本集團業務範疇進一步拓展至汽車服務業務。

與天津濱海組成策略性聯盟

於二零零五年七月，本集團與天津濱海訂立合作協議，組成策略性聯盟。根據該協議，雙方將會在汽車相關行業內物色商機並作出投資。本集團亦將和天津濱海共同開拓中國及海外市場，以及於合作範疇內互相分享資源。

除以上兩項項目外，近期管理層已認定多個收購目標，並已開始進行磋商。然而，所有磋商仍在初步階段。當達成任何協議時，本集團將會作出公佈。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**管理層討論及分析** (續)**LIQUIDITY AND FINANCIAL RESOURCES****流動資金及財務資源**

As at 31 March 2005, the Group had non-current assets of approximately HK\$35,797,000 which mainly comprised investments in associates and current assets of approximately HK\$55,153,000 which mainly comprised of listed investments, inventory, other investments and cash. The Group's gearing ratio was 26.74%, calculated on the basis of the Group's net borrowings (after deducting cash and bank balances) over shareholders' fund.

於二零零五年三月三十一日，本集團擁有約35,797,000港元之非流動資產，主要由聯營公司之投資組成，及流動資產約55,153,000港元，主要由上市投資、存貨、其他投資及現金組成。本集團之資產負債比率為26.74%，乃按本集團借貸淨額（減除現金及銀行結餘後）除以股東資金之基準計算。

EXCHANGE EXPOSURE**匯兌風險**

The Group's transactions were mainly denominated in Hong Kong dollars and Reminbi. Given that the exchange rate of Hong Kong dollars against the Reminbi has been and is likely to remain stable, the Directors consider that the Group's risk on foreign exchange will remain minimal. The Group had no foreign exchange rate hedging arrangement during the year.

本集團之交易主要以港元及人民幣結賬。鑑於港元兌人民幣之匯率一直且仍可能會保持穩定，故董事會認為本集團所面對之匯兌風險仍然有限。年內，本集團並無外匯匯率對沖協議。

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**資產質押及或然負債**

As at 31 March 2005, the Group has not pledged any kind of assets and had no significant contingent liabilities.

於二零零五年三月三十一日，本集團並無質押任何種類之資產，亦無重大或然負債。

EMPLOYEES AND THE REMUNERATION POLICY**僱員及薪酬政策**

As at 31 March 2005, the Group had 17 employees in Hong Kong. Due to the cessation of business of Tianjin Guangying, there were no employees in the PRC as at 31 March 2005. The remuneration policies are subject to review by the Directors with reference to market conditions and performance of staff. The Group also participates in Mandatory Provident Fund Scheme in Hong Kong and has a share option scheme for the benefit of its directors and eligible employees of the Group.

於二零零五年三月三十一日，本集團在香港聘用17名僱員。鑒於天津光盈已終止業務，於二零零五年三月三十一日並無在中國聘用僱員。薪酬政策須經董事會根據當時市場情況及僱員表現審議。本集團亦參與香港強積金供款計劃，並為本集團之董事及合資格僱員提供購股權計劃。

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUND-RAISING ACTIVITIES AND USE OF PROCEEDS

On 7 January 2005, the Group successfully tapped the capital markets by raising net proceeds of approximately HK\$19.9 million through placing of 260,000,000 new shares of the Company at HK\$0.08 per share. Net proceeds were mainly used as general working capital, investment in securities and redemption of convertible bonds.

On 13 May 2005, the Group entered into a placing agreement pursuant to which an aggregate of 345,000,000 new shares were placed at HK\$0.04 per share. The net proceeds arising from the placing amounted to approximately HK\$13.4 million which was used as general working capital of the Group. It is also intended that such proceeds will be used for future investments and/or acquisitions.

The above-mentioned fund-raising activities strengthened the capital structure of the Group and enlarged the shareholders base.

Loo Chung Keung, Steve
Executive Director

管理層討論及分析 *(續)*

集資活動及所得款項之用途

於二零零五年一月七日，本集團透過以每股0.08港元配售本公司260,000,000股新股，成功在資本市場籌集所得款項淨額約19,900,000港元。所得款項淨額主要用於一般營運資金、證券投資及贖回可換股債券。

於二零零五年五月十三日，本集團訂立一項配售協議，根據該協議，本集團按每股0.04港元配售合共345,000,000股新股。配售所得款項淨額約13,400,000港元用作本集團一般營運資金。該等款項亦擬用作未來投資及／或收購。

上述集資活動有助強化本集團之資本結構，並擴大本集團之股東基礎。

執行董事
盧重強