



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Distribution of electronic parts and components

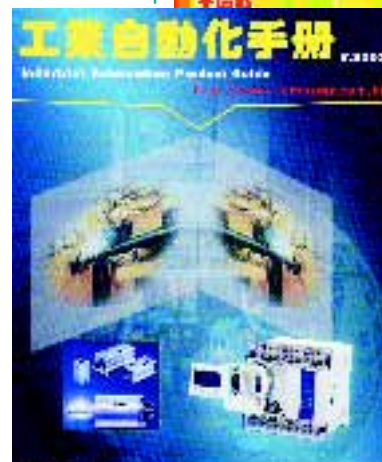
Currently there are four satellite companies under the umbrella brand of "Mobicon Electronic Components" , targeting various electronic parts and components markets. They are DV Power Limited, which offers electronic parts related to power sources; MCU Power Limited, which offers Micro Control Unit (MCU) solutions targeted at intelligent electrical appliances and toys; Milliard Devices Limited, which markets the passive components of electronic consumer products; and Arkia Advance Limited, which supplies ICs for telecommunications equipment.

Through all these satellite companies, "Mobicon Electronic Components"  has gathered professional knowledge of a number of industries, thus enabling the Group to acquire more clients in different market segments.

Retailing of electronic parts and components

Within the year, "IC Master"  expanded beyond Hong Kong, and has set up distribution points in Singapore, Malaysia and South Africa. The Group entered into strategic alliances with established local electronic suppliers to realize its aim of providing full trading services to consumers on a localized basis.

Furthermore, since its product catalogues have proved popular in the market, "IC Master"  introduced another catalogue last year called Industrial Automation Product Guide, giving detailed information and specifications on relevant industrial products.



MANAGEMENT DISCUSSION AND ANALYSIS

One-stop computer service

There are five satellite companies under "A Plus", targeting various customer needs and offering customers one-stop computer services: A Power Limited offers UPS and rack mounting solutions for computer rooms; Create Tech Software Systems Limited is engaged in software design for ERP solutions; Future-Tech Computer Limited targets the DIY retail market; PC Master Limited is a trendy and focused computer shop, while A Plus 2 Computer Limited offers computer peripherals and network service maintenance.

Overall, the Group is confident in the prospects of the satellite companies. With support and guidance from the Group, the satellite companies are expected to leverage on their synergy with the Group, thus generating more profits for the Group in future.

Financial position

The financial foundation of the Group is strong with ample cash flow. As at 31 March 2002, the Group held a total of approximately HK\$27 million in cash and bank balances with a zero gearing ratio. Net asset value per share was approximately HK\$0.52 and general and administration expenses during the year amounted to approximately HK\$42 million.

Contingent liabilities

There were no contingent liabilities as at 31 March 2002 (2001: Nil).

Employees

Recognizing the importance of developing its human resources, the Group arranged for its staff members to attend an ISO 9001:2000 training course last year, and the Group has just been awarded ISO 9001 certification by the Hong Kong Quality Assurance Agency (HKQAA) on 30 May 2002 (Certificate number: CC2247). This award is not only a recognition of the Group's service quality, but will also motivate the staff to offer even better products and services in future, to our customers' greater satisfaction. As at 31 March 2002, the Group had approximately 208 full time employees whose remuneration are based on individual merits and years of experience.