

PROFIT FOR THE YEAR

The Group's consolidated net profit for the year ended 31 March 2002 was HK\$20.9 million (2001: HK\$34.3 million).

DIVIDEND

The Directors have proposed a final dividend of HK2.0 cents per share. The proposed dividend will be payable on or about 9 September 2002 to shareholders on the register of members at the close of business on 13 August 2002 and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividends will be payable in cash but shareholders will be given the option to elect to receive the dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. Particulars of these arrangements will be mailed to shareholders on or about 14 August 2002.

BUSINESS REVIEW

For the year ended 31 March 2002, the Group's turnover decreased by approximately 2% to HK\$727 million (2001: HK\$740 million) and net profit decreased by approximately 39% to HK\$20.9 million (2001: HK\$34.3 million) in comparison with the last year. During the year, we opened a "Nokia Professional Centre" and five retail shops under the trading name of "Circle" in various MTR stations to expand our sales of mobile phones and related products. The increase in administrative expenses from approximately HK\$44 million to HK\$61 million principally reflected the operating costs for these new retail shops. An amount of HK\$4 million has been invested in an unlisted company with the principal activities in the trading of telecommunication equipment and engaging in research and development on internet application and mobile products.

Sales of mobile phones

The turnover was HK\$639 million (2001: HK\$648 million). The continuous decline in consumer spending and keen market competition, particularly in the second half of the year, eroded the gross profit margin significantly. The profit was dropped by about 37% to HK\$11.5 million (2001: HK\$18.3 million).

Sale of office telephones systems

The turnover was dropped by about 10% to HK\$38 million (2001: HK\$42 million) when compared with last year. The corporate spending was greatly affected by the adverse economic conditions. In order to maintain the market share, we had to lower the selling price. Again, the gross profit margin was seriously squeezed.

Connection service

The turnover was HK\$23 million (2001: HK\$28 million) while profit was HK\$2.6 million (2001: HK\$14.3 million). The drastic drop in contribution was due to the great reduction of commission rates paid by the network operators. We expect that this situation will sustain.

Property investment

The rental income was stable during the year.

Other activities

These included the repairs and maintenance charges and consultancy fee received. The reluctance of the customers to replace the existing equipment led to the increase in demand of the repairs and maintenance services. The contribution was increased accordingly.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a very strong financial position. As at 31 March 2002, the Group's cash and bank balances amounted to approximately HK\$51 million (2001: HK\$33 million) while the bank borrowing was HK\$1.2 million (2001: HK\$1.3 million). The gearing ratio was 0.6% (2001: 1.1 %). The gearing ratio is expressed as a percentage of total borrowings to shareholders' funds.

As substantial portion of transactions are dominated in Hong Kong Dollar, the Group's exposure to exchange fluctuation is low.

USE OF PROCEEDS OF NEW ISSUE

In November 2001, the Company raised net proceeds of approximately HK\$30.5 million by the issue of 80,000,000 new shares at HK\$0.5 each. The Company's shares have been listed on Stock Exchange since 9 November 2001. Up to 31 March, 2002, approximately HK\$2 million had been used for repacking the existing stores and opening five retail shops under the trading name of "Circle". An amount of HK\$4 million has been invested in an unlisted company for which the principal activities in the trading of telecommunication equipment and engaging in research and development on internet application and mobile products. The remaining balance of approximately HK\$24.5 million from the aforesaid issue has been placed into short-term bank deposits.

PROSPECTS

Pursuant to our plan as disclosed in the prospectus dated 30 October 2001, we will further expand our retail chain and make further investment in the research and development on internet application and mobile products. With the expertise and long extensive experience in telecommunication system integration, we will also seek for opportunities to enhance our exposure in China. However, all these expansion and investment will only be made after due considerations of the costs and return.

Hong Kong is still facing unstable external economic conditions and internal economic transformation. The unemployment rate is still recorded at high level. Our next year's results will largely depend on the degree of economic recovery and the popularity level of new mobile phone models. We will continue to tighten our cost control to increase the competitiveness and are cautiously optimistic about the prospectus for the coming year.

Finally, we would like to extend our sincere gratitude to all the staff members of the Group for their contribution and continued support during the year.

EMPLOYEES

As at 31 March 2002, the total number of employees of the Group was approximately 230. The remuneration and bonus packages are based on the individual merits and performance and are reviewed at least annually. There is a share option scheme in place designed to award employees for their performance at the discretion of the Directors. The Group maintains a good relationship with its employees.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 12 August 2002 to 13 August 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 9 August 2002.

Chan Chung Yee Hubert

Chairman

Hong Kong, 19 July 2002

