

## Chairman's Statement

We are pleased to announce that business performances for the year ended 31st March 2003 are very encouraging to the Group in its 20th anniversary.

### Business Results

The Group recorded a turnover of approximately HK\$656 million for the financial year ended 31st March 2003, representing an increase of approximately 113% as compared with HK\$307 million of the last year. Gross profit was HK\$87 million, representing an increase of approximately 81% as compared with HK\$48 million last year. During the year, operating profit amounted to approximately HK\$23 million (31st March 2002: HK\$5.6 million); and profit attributable to shareholders was approximately HK\$18 million (31st March 2002: HK\$4.4 million), representing earnings of approximately HK9.0 cents per share (31st March 2002: HK2.3 cents per share).




During the year under review, the Group continued to implement the "Satellite Development Strategy" to enable it to form more joint ventures as well as to strengthen its network of customers and supply chains, thus expanding its income stream. Although the impact of Severe Acute Respiratory System (SARS) and the Iraq war created tremendous challenges for the Hong Kong economy, their impact on the Group's results were limited as its customers are mostly export-oriented.





### Development Strategy

Income from the trading and distribution business of electronic parts, components and equipment remained the main source of the Group's income. The contribution from the trading and distribution business of computer products and accessories also grew significantly. Therefore, the Group plans to further develop its trading and distribution business of computer products, together with its electronic parts, component and equipment operations. In addition, the Group will launch more value-added services, in order to increase its competitiveness.

Subsequent to the year end, the Group acquired a leading company engaged in the distribution business of computer products. Videocom Technology (HK) Limited ("Videocom"). The Group merged the existing trading and distribution business of computer products under "A Plus" with the business under Videocom and relabelled the merged business with the brand name "A Plus" . The restructuring gives the Group the opportunity to rationalise its inventory and manpower resources. It has also increased efficiency and created synergy. In addition, it has

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strengthened both  and  brand names in the market. Subsidiaries under these two brands can now cross-sell their products within the Group's overall structure which will in turn enhance its competitiveness.

The Group continued to pursue the Satellite Development Strategy, using it as a means to recruit additional professional sales expertise. Having its own well-developed trading platform, it helped the Group to expand its distribution business further. Moreover, by using the professional knowledge available in each satellite company, the Group can establish its individual sales expertise; thus providing customers with a wide spectrum of value-added services.

## Future Outlook

The Group believes the overall supply of electronic components will continue to increase, maintaining the current situation of excess capacity in the market. China's position as the "world's factory" will continue to lower production costs and prices substantially. After a wave of cutthroat price-cutting competition, manufacturers now realise that the key to success is to concentrate their efforts on the areas of product research, development and production. Most of them start focusing more on developing quality products, and relying more on their distributors for product distribution. By doing this, manufacturers can lower operating costs whilst enhancing relationships with distributors. Moreover, the role of distributors is now more clear-cut than before.

In the computer business, the Group believes that the trend towards switching to LCD monitors will continue. The Group also believes the next step will be for end-users to upgrade computer hard drives for themselves. In response to such moving trend, the Group will continue to develop products that are intended for self-installation.

Overall, the Group is optimistic about the future prospects of its trading and distribution business. In the coming year, it will continue to expand its business in both the global electronic component market as well as the local computer market, so as to build up global and local market share. It will also aim to create a presence in key overseas markets.

## Appreciation

I would like to thank our management team and all our staff for their efforts and significant contributions during the past year. I would also like to take this opportunity to extend my heartfelt appreciation to all our shareholders and institutional investors for their continued support and confidence in the Group.

By order of the Board

**Hung Kim Fung, Measure**

*Chairman and Managing Director*

Hong Kong, 3rd July 2003

