

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the period ended 31 December 2002, the Group produced a turnover of approximately HK\$23,319,000, an 8.19% increase from last period's turnover of HK\$21,553,000. The loss attributable to shareholders for the period amounted to approximately HK\$10,304,000.

BUSINESS REVIEW

During the period, the Group focused its operation mainly on manufacturing and trading of multi-media and digital communication products. Due to sluggish economy recovery in the Hong Kong economy and abundant supply of multi-media and digital communication products in the Great China region, this segment of business had contributed approximately HK\$6.6 million to loss from operations.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had net current liabilities of HK\$164 million as at 31 December 2002. Since there was a negative equity at the balance sheet date, calculation of gearing ratio is not applicable.

FOREIGN CURRENCY EXPOSURE

The Group did not have significant foreign currency exposure at the balance sheet date.

EMPLOYEES INFORMATION

The Group has 40 employees currently. The remuneration packages of employees are maintained at competitive levels and includes monthly salaries, mandatory provident fund and share option scheme.

PROSPECTS

Economic condition of the local economy is picking up gradually and development of the Mainland China's economy is continuing its promising trend. It is expected investment opportunities will be further enhanced following the SAR Government entered into the Closer Economic Partnership Arrangement (CEPA) with the Central Government. In the days ahead, the management will focus in formulating strategy to develop new business ventures in the Mainland China.