

REVIEW OF OPERATIONS

The principal businesses of the Group for the year ended 31 December 2003 were the sale, manufacture, design and development of telecom products (including the manufacture of power supply components) on an ODM (original design manufacturing) and OEM (original equipment manufacturing) basis.

Prior to the acquisition of the ESH Group in June 2003 from CCT Telecom, the principal business of the Group was the manufacturing of electric components. Electronic Sales Limited (“ESL”) manufactures and sells a variety of power supply products including AC/DC adaptors, transformers, linear and switching power supplies to the ESH Group and other third party customers.

The ESH Group is principally engaged in the design, development, manufacture and sale (both on an ODM and OEM basis) of cordless telecom products. The ESH Group produces a variety of telecom products including 900 MHz, 2.4 GHz and 5.8 GHz cordless phones and family radio systems. The ESH Group is one of the largest cordless phone manufacturers in the world and is the major supplier of cordless phones to a number of internationally-renowned brands such as GE, Alcatel and others. The ESH Group has also invested heavily in the research and development of cordless phones and maintains a world-class research and development department specialised especially in development of high radio frequency telecom products. Given the current production volume, the ESH Group is able to command various sourcing and procurement advantages within the industry. The said advantages coupled with the ESH Group’s advance world-class production facilities located in Guangdong Province of the PRC have enabled and will continue to enable the ESH Group to maintain a sizable and continuing business growth.

Following the acquisition of the ESH Group, the Group’s asset and profit base has been significantly enlarged. The second half year results of the ESH Group has been consolidated with the Group’s results for 2003, contributing turnover of approximately HK\$1,865.6 million. We believe the results of the Group for the current year would be even more encouraging had the ESH Group’s full year operation and business results been included.





