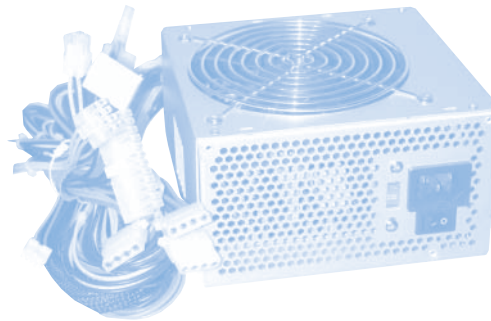


OPERATING RESULTS

For the year ended 31 December 2003, the Group recorded a turnover and net loss of approximately HK\$109 million and HK\$9.5 million respectively, representing a decrease of 16% and 81% as compared to the previous year. Loss per share were HK\$2.3 cents (2002: HK\$12.2 cents). The gross profit margin of the Group was increased from 10% last year to 30% this year. The loss attributable to shareholders amounted to approximately HK\$9.5 million.



BUSINESS REVIEW

During the year under review, despite the high profit margin of high-end products, the turnover decreased due to the stagnant volume of sales orders. In addition, under the circumstances that the administrative and sales expenses were not effectively and promptly controlled, the profit gained by products of high profit margin was eroded by those expenses. The major source of revenue was from computer peripherals. PC peripherals, networking products and computer accessories constituted 82%, 15% and 3% of the Group's turnover respectively.

PC Peripherals

Compared with the sales ratio of 71% in 2002, the sales ratio of PC peripherals increase for 13% to approximately HK\$105 million, representing a 96% of the Group's turnover. The sales orders of products mainly came from OEM customers. Its profit margin increased by 10%. Given the gradual recovery of the global economy in the second half of the year, several renowned motherboard manufacturers commenced production of their new R&D products early this year and cooperated with the Group in engaging mass production and product launch.

Taking advantage of the mutual development, it is anticipated that the demand for PC products would grow steadily and will lead to the consolidation of the Group's position as a manufacturer of aluminum alloy PC peripherals.

Networking Products

As the market conditions for networking products have been deteriorating and the profit margin has declined significantly, the Group's production of such products decreased by 90%. Its turnover amounted to approximately HK\$3.07 million.

Computer Accessories

The unit profit of computer accessories was unsatisfactory and therefore its production was either partially reduced or ceased. The Group sold products mainly from its stocks, with turnover of approximately HK\$1.08 million.

Geographical Analysis

The global market economy transformed and the Group has shifted to take orders from OEM/ODM customers. The contribution of OEM/ODM business represented 19.8% to the Group's turnover of the year 2003. It was mainly attributable to the stable customer base of the Group, including sizable motherboard manufacturers from Taiwan, namely VIA, EXPO, I WILL, FREE TECH, JETWAY, and DIY brands, namely ANTEC, ENERMAX AND GLOBAL WIN. The turnover arising from the markets of Asia-Pacific, North America and Europe accounted for approximately 43%, 22.7% and 33.4% respectively of the Group's total turnover for the year ended 31 December 2003, contributing a steady number of orders and profits for the Group.



Research and Development Direction and Product Strategy

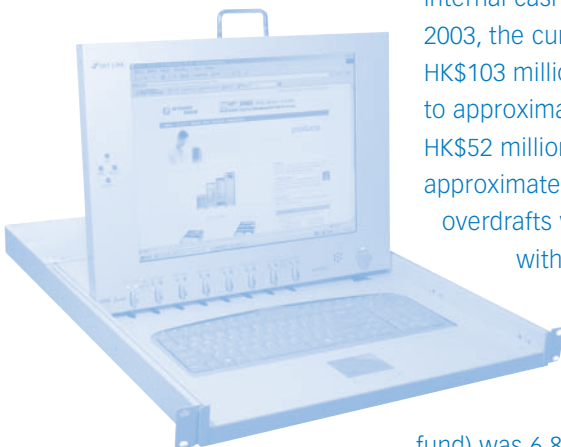
In regard to the development of OEM/ODM, the main-line products remained to be aluminum alloy cases. The Group's R & D team endeavours to cope with diverse product model requirements of customers. The objective of the R & D team is to finish products with market potentials and is able to meet the expectation of customers in the shortest possible development procedures and timeframe in order to be benefited from the win-win situation with customers.

Staff and Training

During the year under review, the Company has devoted to improve the management of the established work procedures of different departments in order to ensure the smooth connection between sales staff and production units, and to establish intranet system for the mutual control of production procedures. In addition to the orientation training for newly recruited staff, the Company also provided various professional trainings for overseas sales staff and administrative staff to enhance the professionalism and technical expertise of the staff for improving working efficiency.

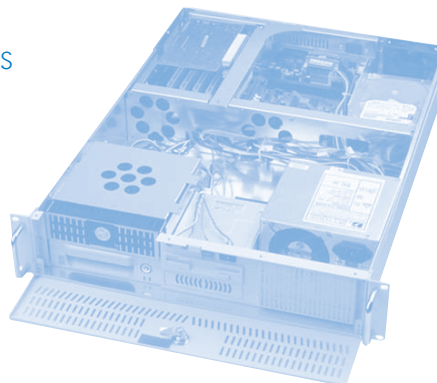
LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2003, the Group's working capital requirements were mainly financed by internal cash flow and banking facilities. As at 31 December 2003, the current assets of the Group was approximately HK\$103 million, of which cash and bank deposits amounted to approximately HK\$2.5 million, inventories of approximately HK\$52 million and a trade receivable amounted to approximately HK\$45 million. Short-term bank loan and overdrafts was of approximately HK\$7 million, all repayable within one year or on demand. Bank loans were subject to fixed interest rates ranging from 2.3% to 5.3%. The Group's banking facilities are secured by a property of the Group. The gearing ratio (borrowings to shareholders' fund) was 6.8% (as at 31 December 2002: 10.8%).



FOREIGN CURRENCY EXPOSURE

Most of the Group's cash and bank deposits were held in US dollars, Renminbi and Hong Kong dollars. The Group's loans were denominated in US dollars and Renminbi in order to avoid exposure arising from foreign currency fluctuations. During the relevant period, the exchange rates of US dollars and Renminbi in relation to Hong Kong dollars were stable. The Group was not subject to any significant exposure relating to exchange rates risk and it will remain cautious in financial management.



USE OF PROCEEDS

The net proceeds from the placing and public offer of the Company amounted to approximately HK\$45 million. As at 31 December 2003, the Group has utilised a total of approximately HK\$45 million of the proceeds. Approximately HK\$19.03 million, HK\$15.9 million, HK\$4.87 million and HK\$5.2 million had been applied towards sales development, research and development, production facilities and working capital respectively. The use of proceeds was in line with the disclosure made in the prospectus of the Company dated 8 January 2002.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2003.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2003, the Group had approximately 800 employees in the PRC (including Hong Kong and Taiwan) and overseas. During the year, the remuneration for the employees amounted to approximately HK\$12 million. In order to maintain competitiveness, the salary and bonus of the staff are based on their individual performance. Apart from basic salaries, discretionary bonus, contribution to the statutory retirement scheme and a share options scheme for its staff in Hong Kong, Taiwan and PRC, the Group has also provided them with various training and development programs.

EXPANSION OF SALES NETWORK

The Company not only keeps abreast of the latest development trend of computer products, it also launches more products from time to time to compete with other market players and to further enhance its operational efficiencies. In the year ahead, the Group will aggressively offer training to its sales staff, recruit additional staff for market development and sales network expansion, fully make use of different media to uphold the product and corporate image and promote its business in different regions and adopt diversified marketing strategy. In addition, the Company will also endeavour to improve the management of production department and eliminate the low-grade products, with an aim to further improving the product quality.

CONCLUSION

The Directors believe that, in spite of the economy would gradually recover, and hence the market conditions would be improved through intensive competitions of productivity, the Group will remain optimistic towards the Group's future prospect in the coming year.