

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial results**

For the period ended 31 December 2003, the Group produced a turnover of approximately HK\$34,150,000 which represents a 46.45% increase from last period's turnover of HK\$23,319,000. The loss attributable to shareholders for the period amounted to approximately HK\$4,451,000.

### **Business review**

During the period, the Group focused its operation mainly on manufacturing and trading of multi-media and digital communication products. As trading environment has improved since mid-2003, an operating profit of approximately HK\$1.27 million was recorded in this segment.

### **Liquidity and financial resources**

The Group had net current liabilities of HK\$26.59 million as at 31 December 2003 the gearing ratio to total equity was 50.86%

### **Foreign currency exposure**

The Group did not have significant foreign currency exposure at 31 December 2003.

### **Employees information**

The Group has around 40 employees currently. The remuneration packages of employees are maintained at competitive level which include monthly salaries and mandatory provident fund.

### **Prospects**

Economic condition of the local economy is recovering gradually and the development of the Mainland China's economy is continuing its promising trend. It is expected investment opportunities will be further enhanced subsequent to the SAR Government entering 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.