

# CHAIRMAN'S STATEMENT

## Business Results

The Group recorded a turnover of approximately HK\$1.16 billion during the year ended 31st March 2004. This represented an increase of approximately 77% on the figure of approximately HK\$656 million for the previous year. Gross profit was approximately HK\$128 million, an increase of approximately 47% on the previous year's figure of approximately HK\$87 million. The Group's operating profit amounted to approximately HK\$40 million (31st March 2003: approximately HK\$23 million), while the profit attributable to shareholders was approximately HK\$29 million (31st March 2003: approximately HK\$18 million), representing earnings of approximately HK\$14.3 cents per share (31st March 2003: approximately HK\$9 cents per share).

During the year under review, the Group continued to develop its two core operations, namely: (1) trading and distribution of electronic parts, components and equipment under the Mobicon  brand; and (2) trading, distribution and retail sale of computer products and accessories under the  retail brand. The overall turnover and gross profit of both these core operations increased substantially, primarily due to the Group's intensification of its "Satellite Development Strategy", the implementation of "Professional Talent Selling Strategy" and expansion of "Small Order Services", all of which contributed to the satisfactory sales performances of its satellite companies. In addition, the Chinese Central Government's implementation of the "facilitated individual travel policy" for Mainland visitors visiting Hong Kong fuelled the growth of the Group's retail sale of computer products and accessories, and further improved its overall gains.

## Development Strategy


Following its merger with Videocom Technology (HK) Limited ("Videocom") last year, which aimed to develop its computer retail business, the Group experienced substantial growth in its overall trading and distribution business of computer products and accessories, with sales turnover accounting for 49% of the Group's total, almost on a par with the percentage contributed by another core operation – the trading and distribution of electronic parts, components and equipment.

During the past year, the Group's computer products and accessories business was restructured under A Plus Computer Holdings Limited, and a more efficient system of planning was put in place. In addition, active efforts were made to increase the number of its retail outlets in major computer centres to 12. This produced an impressive 160% increase in this business's sales turnover, amounting to approximately HK\$568 million for the year ended 31st March 2004 (31st March 2003: approximately HK\$218 million).

To ensure the sustainable growth of its computer product and accessory business, the Group actively developed its IT Outsourcing Business. Through A Power Limited and two other joint venture companies, namely Create Tech Software Systems Limited and San Design (Hong Kong) Limited, the Group now offers a comprehensive range of integrated IT services, including web page production, computer software design, hardware supply and IT security services.



## Chairman's Statement

Looking ahead, the Group will expand the number of its  retail outlets in major computer centres in order to consolidate the brand's market leadership. During the year, Videocom used a cute animated cartoon character called "Joyce" as its spokesperson. This, together with the promotional slogan, "Happily Recommending: Joyce Is a True Joy", established a trendy, approachable image for the brand. This promotional tool will remain an important part of Videocom's future marketing strategies.

The trading and distribution business in electronic parts, components and equipment also showed an excellent performance during the year. Sales turnover increased by 35% to reach approximately HK\$592 million (31st March 2003: approximately HK\$437 million) for the sector. During this period, the Group consolidated and intensified its "Satellite Development Strategy", with a view to broadening its existing customer base. Leveraging on its "Professional Talent Selling Strategy", and in conjunction with its own excellent trading platform, the Group was able to provide comprehensive purchasing and support services to small and medium-sized enterprises. In addition, the Group undertook initiatives to provide "SOS" (Small Order Services) to global customers with small-quantity orders. While addressing the needs of Hong Kong vendors, this move also fostered closer ties with both customers and brand-name vendors. The Group will continue to negotiate agency arrangements with global brand names in order to elevate its corporate status.

### Future Outlook

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The Group believes that global developments in digital technology will continue to boost demand for electronic and computer products. The growing popularity of camera phones, high-resolution digital cameras, and MP3 players will likewise fuel a business boom in electronic components. The pricing of electronic parts is likely to be adjusted upwards by 10%. On the other hand, as the Hong Kong industrial sector embraces the trend of industrial design, production volumes will become relatively lower. As a result, customer orders for electronic parts will focus more on variety and less on quantity. This market development is undoubtedly favourable to our "Small Order Services", and it will provide us with great potential to develop in this area.

With regard to computer products, sales of computer notebooks and PDAs are likely to rise. LCD monitors with TV functions will also increase in popularity in the short term. These factors, coupled with the growing influx of individual Mainland tourists, are likely to stimulate computer sales in Hong Kong. This creates an optimistic outlook for the Group in its computer product and accessory business.

### Appreciation

I would like to thank our management team and all our staff for their efforts and significant contributions to the Group over the past year. In addition, I would like to express my heartfelt gratitude to our various shareholders and institutional investors for their continued support for and confidence in the Group.

By order of the Board

**Hung Kim Fung, Measure**

*Chairman and Managing Director*

Hong Kong, 5th July 2004