





TARGET

**Set the
Target**

起步向前
確立目標

I have pleasure to present to shareholders the 2003/2004 annual report of the Group.

OPERATIONS REVIEW

Trading Operations

During the year, Memorex® made significant achievements throughout North America, Europe and Asia.

North America

In the North American market, Memorex® continues to achieve strong results in all segments of its business. The Memorex® brand continues to lead the market for optical media, maintaining in excess of 30% market share for both CD-R and DVD media. The Group also achieved substantial growth in its computer accessories and USB flash drive businesses segments during the year. Key to the Group's success continues to be its extensive retail distribution network in both the U.S. and Canada.

The Group expects continued sales growth to be driven by DVD media and USB flash drives in the coming year. Both categories are expected to experience a 100% increase in unit shipments during the year. The surge in demand for DVD media can be attributed to declining retail prices and the explosive growth of DVD computer drives and DVD home recorders which have started to replace the VCR in the home. The USB flash drive has become the standard for small file transfer and is replacing the floppy disc.

During the year, the Group relocated its headquarters in North America from Santa Fe Springs to a new enlarged facility in Cerritos, California to enhance efficiency.

Europe

The results in Europe have been very successful. Turnover increased by 16.6% over the previous year. The key focus of this year was to improve profitability. This was achieved by a combination of significant improvements to gross margin and reducing costs. The improvement in gross margin was attained by discontinuing non-profit making products, such as hardware and input devices, restructuring promotional activity from Pan – European to more specific local activities and focusing the entire Memorex® team on profit and attaining turnover goals. The most significant cost reduction was achieved by the closure of a marketing and planning office in Germany and amalgamating those functions into the UK head office.

Asia

The Group has made a good start in its geographic penetration in Asia. A 5.5% revenue growth with moderate earning were recorded during the year. The Group recorded a profit of approximately HK\$1.7 million for the 2nd quarter of 2004 for the Asian market from losses in previous year. In the coming years, the Group will continue to strive to attain a strong market share for the Memorex® brand in Asia.

本人欣然向股東呈報本集團二零零三／二零零四年度年報。

業務運作回顧

貿易業務

年內，Memorex®在北美洲、歐洲及亞洲均錄得佳績。

北美洲

在北美市場，Memorex®持續在各業務界別取得驕人業績。Memorex®品牌在光學媒體方面持續處領導地位，在一次收錄光碟及DVD媒體市場佔有率超逾30%。年內本集團亦在電腦配件及USB flash drive 業務獲得重大收益增長。美國及加拿大的廣泛零售分銷網絡仍然是本集團成功的主要因素。

本集團預期DVD媒體及USB flash drive業務將在來年支持銷售額持續增長。預計該兩項業務本年付運量將增長一倍。對DVD媒體需求之迅速增長可歸因零售價格下調及DVD電腦驅動器及DVD家庭播錄機開始取代家庭VCR播錄機而呈現的爆炸性增長。USB flash drive已成為細檔案轉移的標準並正在取代磁碟。

年內，本集團把其位於北美Santa Fe Springs的總部遷往位於加州Cerritos面積更大的設施以提升營運效率。

歐洲

本集團歐洲業務相當成功。營業額較上一年增長16.6%。本年度焦點集中提高利潤率。因毛利大幅上揚及持續削減成本毛利上升主要歸因於終止無利可圖之產品如硬件及輸入設備，重整推廣活動，焦點由泛歐洲轉移至具體的當地活動，整個Memorex®隊伍亦全情投入以達到利潤目標及營業額目標。最重要的削減成本措施為關閉在德國的一個市場推廣及計劃辦事處，並將原有工作併入英國的總辦事處。

亞洲

本集團業務於亞洲市場之地區滲透有良好的開始。年內錄得5.5%收益增長及可觀盈利。本集團於二零零四年第二季於亞洲市場方面錄得約1,700,000港元之溢利，往年度則錄得虧損。未來數年，本集團將銳意為Memorex®於亞洲爭取重大市場佔有率。

OUTLOOK

The achievements of year 2003/2004 are impressive. The Group recorded continuous growth of 20.3% in revenue and 19.0% in gross profits.

For the coming year, the Group will keep pursuing its dominant strategies towards geographic expansion of markets and innovation in branded products to further booster its market share and revenue. With worldwide economic recovery, the Group will take this golden opportunity to explore new strategic alliances as stronger powerhouse of its core business and to line up licensees for launching of a range of products.

The provision of an extensive range of products available and with the quick access to trade information and market conditions in all the countries we operate in, the Group would then be able to work closely with its customers to supply the optimal product mix for their particular markets thereby improving gross margins for both the end-customers and our Group. This will not only help maintaining business margins, but will also enhance the loyalty of our customers.

Looking forward, the Group will dedicate to maximize shareholder value by (i) maintenance of the Group's leading position in optical media sales and marketing operation worldwide and (ii) increasing the gross revenue and generating operating profits in years to come.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow board members, the management and employees for their hard work and contribution to the Group in the past year.

On behalf of the Board

Dr. Chan Kwok Keung, Charles

Chairman

Hong Kong, July 23, 2004

展望

二零零三／二零零四年度之業績表現驕人。本集團錄得20.3%之持續收入增長及19.0%之毛利增長。

未來一年，本集團將繼續貫徹其擴展地區性市場及創新品牌產品之主要策略，以便進一步擴大市場份額及提升收入。隨著全球經濟復甦，本集團將抓緊這個良機發掘新的策略聯盟以作核心業務之強大支援，並與許可證持有人合作以推出一系列產品。

憑著多樣可供選擇的產品以及本集團在經營業務的各國市場能快速取得資訊及了解市場情況，本集團得以與顧客緊密聯係，從而為各特定市場提供最佳的產品組合，繼而雙雙提高最終顧客與本集團的毛利。這不單有助保持經營利潤，更可鞏固客戶對本集團的忠誠度。

展望未來，本公司將致力透過以下方法提升股東價值：(i) 維持本集團於全球光學媒體銷售及市場推廣業務方面之領導地位及(ii) 未來數年使總收入增加及取得經營溢利。

致謝

本人藉此機會，向各位董事、管理人員及僱員，在往年為本集團作出之努力及貢獻致以衷心感謝。

代表董事會

主席

陳國強博士

香港，二零零四年七月二十三日