

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 September 2004, the Group's net profit was HK\$ 4.2 million and the turnover was HK\$ 469 million representing an increase in 20% and 6% respectively from the corresponding period last year.

#### **Sale of mobile phones**

This division posted an 8% increase in sales to HK\$437 million while the profit grew by more than 2.7 times when compared with the corresponding period last year. The popularity of new models of Nokia's mobile phones and the contribution from the retail chain "Circle" helped to boost the profit.

At 30 September 2004, the total number of counters in our "Circle" retail chain was 8. There were 7 counters in Jusco Department Stores and 1 counter in Citistore. In addition, the Group also operated a franchised "Nokia Professional Centre" in Mongkok.

#### **Sale of business solutions**

This relates to the sales of office telephone systems, provision of security systems and integrated services. During the period under review, the division recorded a loss of approximately HK\$3 million. The loss was due to the initial set up costs of our subsidiary in USA and the design and development costs of new products. The subsidiary in Singapore also recorded a loss due to the keen competition and adverse market conditions.

#### **Property investment**

The rental income has decreased by approximately HK\$1 million due to the increase in vacancy during the period under review.

#### **Installation, repair and maintenance services**

The turnover has increased by approximately 8% and the profit has increased by approximately 2.8 times to HK\$3.5 million. The sharp increase in profit was due to the increase in demand of repairs and maintenance services when compared with the SARS period last year.