

Dear Shareholders,

The year 2003 has been a radical and difficult year for the mobile handsets industry. It was a period during which competitions continued to intensify in an already highly saturated market. During the year, increasing number of second tier mobile handsets manufacturers continued to emerge from around the world, including domestic manufacturers from across the Greater China region. These new suppliers have been offering increasingly innovative product designs, more advanced functionalities, wider varieties of models and highly competitive prices, thus gaining momentum and strength to compete head-on with overseas brands. Their entrance has posed severe market share threat to big international brands. To combat the deteriorating market share, these major international market leaders have been accelerating their launches of new models across all markets. This had resulted in over-supply across many regions, causing further pressures on mobile handsets prices in these markets.

The sudden and widespread outbreak of the Severe Acute Respiratory Syndrome ("SARS") during the year had further amplified such pressures. It had severely battered the consumption power in an already depressed economy, causing further setback to the region's sales performance and posing the greatest challenge to the Greater China region in its history of economic development.

For the financial year ended 30th September, 2003, the Group recorded a turnover of approximately HK\$2,678 million, representing a decrease of approximately 48% from HK\$5,196 million of last year. Loss attributable to shareholders was approximately HK\$115 million, narrowed from last year's HK\$234 million.

The Board of Directors does not recommend the payment of a final dividend.

Worldwide demand for mobile handsets is forecasted to reach 475 million units in 2004. In particular, demands in the replacement market for newer handsets offering higher data transmission speed, more vivid colour displays and increasingly sophisticated functions are expected to continue. Together with the ongoing migration of subscribers to higher speed networks, mobile handsets suppliers are forecasted to enjoy continuing growth in the replacement markets over the next few years.

According to research house International Data Corp, it is expected that about 58% of global handset sales in 2004 will be 2.5G or 3G, up from the estimated 40% in 2003. Despite the forecasted demand growth, mobile handsets distributors are expected to face yet another challenging year as a result of the persisting pricing pressures on mobile handsets.

In anticipation of the rapidly changing business and economic environment, we shall closely monitor global trends and continue to refine our business plans and strategies to enhance profitability. We continue to maintain a cautiously modest outlook on the global demand for mobile communication devices, particularly for our core markets in the Greater China region. We shall examine these markets in greater details in the following sections.

The relaxation of Mainland's traveling rules for individual visitors to Hong Kong in July 2003 had provided a necessary boost to the city's ailing retail, tourism and other service sectors. There have also been signs of gradual improvements in local employment conditions and general market sentiments. Recent local economic forecasts have indicated an economy rebound is impending in the coming year. The Group believes this imminent revival of the local economy, albeit a lengthy one, and the increasing optimism on global recovery, will play an influential role in the Group's recovery from the past year and set the foundation for it to drive into future successes.

Finally, I would like to take this opportunity to thank our staff and fellow directors for their hard work and dedication during this difficult year.

By Order of the Board

SY Ethan, Timothy

Chairman

Hong Kong, 19th January, 2004