

BUSINESS RESULTS

The Group recorded a turnover of around HK\$1.28 billion during the fiscal year ended 31st March 2005. This represented an increase of about 10% on the figure of around HK\$1.16 billion for the previous year. Gross profit grew by approximately 27% to around HK\$162 million, up from last year's figure of about HK\$128 million. The Group's operating profit amounted to around HK\$47 million (31st March 2004: around HK\$40 million), while the profit attributable to shareholders was approximately HK\$32 million (31st March 2004: approximately HK\$29 million), representing earnings per share of HK\$0.162 (31st March 2004: HK\$0.143 per share).

During the year under review, the Group continued to develop its two core business lines, namely: (1) distribution of electronic parts, components and equipment under the **MOBICON** brand; and (2) retail sales of computer products and accessories under the  retail brand. The turnover the Group derived from the distribution of electronic parts, components and equipment increased substantially, mainly due to intensification of its "Satellite Development Strategy" and the expansion of its "Small Order Services" to all satellite companies, both of which contributed to the satisfactory sales performance of the Group. The total turnover of the seven satellite companies, namely Arkia Advance Limited, Conwise Power Limited, MCU Power Limited, DV Power Limited, Milliard Devices Limited, MEC Quartz Limited and Sensor Power Limited, under the Group's electronic parts, components and equipment distribution operations saw a surge of 63% to around HK\$336 million, compared to the previous fiscal year.

DEVELOPMENT STRATEGY

Since the inception of its "Satellite Development Strategy", the Group has successfully transformed itself from a distributor of electronic parts, components and equipment into a professional agent and distributor that is capable of designing and developing application solutions. The Group's turnover was greatly increased by the comprehensive applications and services for its electronic products provided by the satellite companies under its umbrella.

On 1st January 2005, the Group was granted exclusive rights to produce and sell wafer chips carrying the brand name of Actions Semiconductor Co. Ltd. ("Actions") for radio-controlled cars worldwide. Using technology and knowledge-management training provided by Actions, the Group has formed a professional team and acquired the knowledge and capability required to manage outsourced production and packaging processes for wafer chips, which enabled it to become a distributor that owns the intellectual property rights of a brand.

To grasp opportunities in the MP3 market, one of the Group's satellite companies, MCU Power Ltd., has actively expanded its professional MP3 application solution development and product design team since April 2004; and this was instrumental in helping MP3 manufacturers to speed up the time-to-market for their new product models. Within the space of a few months, the turnover attributable to the Group's sale of MP3 chips grew rapidly, from several million Hong Kong dollars during the previous fiscal year to approximately HK\$100 million during this year.




To ensure the stable and pragmatic growth of its computer products and accessories business, as well as to reduce its operating costs and logistics overheads, the Group gradually scaled down the computer hardware distribution business of A Plus 2 Computer Limited and changed its strategy to focus on promotion and sales of its own MP3 brands, 原音王, and Jt, through A Power Limited. In addition, the Group continued to develop the VideoCom 圖博仕 retail brand. By becoming an authorised exclusive distributor of Acer LCD monitors and a selection of the latest Acer notebook computer models, the Group strikes to provide more high-quality choices of computer products to consumers.

FUTURE OUTLOOK

The Group will continue to deploy its "Small Order Services" business model and further intensify Mobicon's "Satellite Development Strategy". Coupled with the expertise of its subsidiaries, the Group aims to expand its business, and offer more specialised and higher-quality products and services. In addition, the Group will continue to position Hong Kong as its central hub, while simultaneously developing local services in China and overseas markets.



In its electronic parts, components and equipment distribution business, the Group will continue to acquire more agent lines for electronic components, equipment and automation parts. It will also continue its efforts to unify and standardise its product database by increasing the existing 40,000 items on its price list to 70,000. It will also mass-produce and distribute product catalogues to its distributor partners. This will give distributors worldwide more convenient and efficient access to the most up-to-date and comprehensive product information and prices. With its vast array of products and professional one-stop procurement services, the Group aims to develop itself as an authorised distribution hub for various renowned brands, as well as further strengthen its relationships with distributors around the world.

The Group will continue to expand its computer products business, and increase the profit margin of its retail outlets and . To meet continuing market demand for notebooks and LCD monitors, the Group has acquired exclusive distributorship rights for Acer LCD monitors and the latest selected Acer notebook computer models. It will also continue to develop its two retail brands,  and , in order to expand its high-quality computer product retail business.

APPRECIATION

I would like to thank our management team and all our staff for their efforts and significant contributions to the Group during the past year. In addition, I would like to express my heartfelt gratitude to our various shareholders institutional investors, customers, bankers and business partners 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, 7th July 2005