

**TO THE SHAREHOLDERS**

On behalf of Vision Tech International Holdings Limited ("the Company"), I present to the shareholders the annual results of the Company and its subsidiaries ("the Group") for the year ended 31st March 2001.

**RESULTS**

The financial year ended 31st March 2001 was a very difficult year to the Group. For the year ended 31st March 2001, the Group recorded a net loss of HK\$47.3 million. Net loss attributable to shareholders is HK\$45.4 million which represents a loss of HK\$22.2 cents per share.

**DIVIDEND**

In light of the Group's performance, the Board of Directors does not recommend any final dividend for the year ended 31st March 2001.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 31st August 2001 to 5th

financial year. The Group's sales of camcorders decreased by 4% when compared with last financial year. The Group mainly distributed Korea's Samsung camcorders and the turnover in sales remains stable.

**DVD PLAYERS**

The sales of DVD players and its main components accounted for approximately 41% of the Group's total turnover in the financial year 2001 and amounted to HK\$61.0 million. The Group's DVD player sales decreased by 60% when compared with last financial year.

A number of unfavourable factors affected the business of the Group. Amongst these included disruption of the supply of key DVD player components as there was a worldwide shortage of the related electronic components in late 2000. In this respect, it seriously affected production and marketing plan in launching new model of DVD player.

Meanwhile, presence of cutthroat price competition of DVD players in the Mainland

# CHAIRPERSON'S STATEMENT

September 2001, both days inclusive, during which period no transfer of shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Abacus Share Registrars Limited at 2401 Prince's Building, 10 Chater Road, Central, Hong Kong not later than 4:00 p.m. on 30th August 2001 in order to ascertain shareholders' rights for the purpose of attending and voting at the forthcoming Annual General Meeting of the Company.

## Review of Operations

**CAMCORDERS**

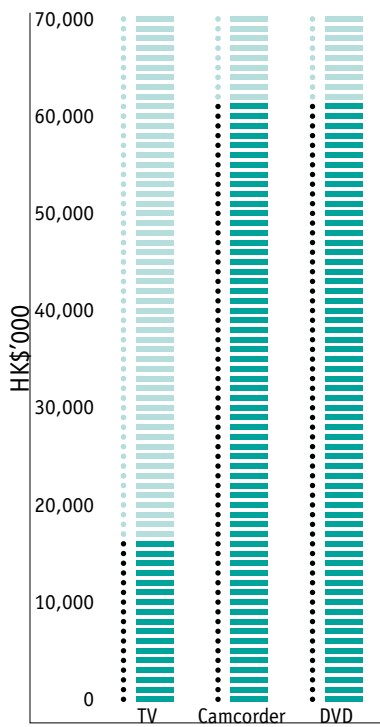
Sales of camcorders accounted for approximately 42% of the Group's total turnover and amounted to HK\$61.3 million in financial year 2001. Gross profit of camcorder products amounted to approximately HK\$5.4 million for this

China also substantially reduced the gross profit margin of DVD players.

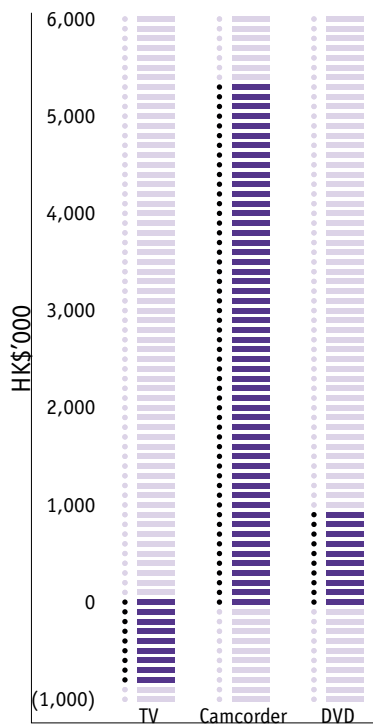
**REAR PROJECTION COLOUR TELEVISIONS**

The sales of rear projection colour televisions accounted for approximately 11% of the Group's total turnover in this financial year which amounted to HK\$16.5 million. The sales of rear projection colour televisions in this financial year decreased by approximately 77% when compared with last financial year.

As a result of the keen price competition in traditional television market, rear projection colour televisions produced under the Company's own brand name "JINKE" also experienced slower sales than expected despite the increase in promotional activities in Mainland China.



**PRODUCT SALES  
FY2001**



**PRODUCT CONTRIBUTION  
TO GROSS(LOSS)/PROFIT  
FY2001**

DVD Player



It is expected that considerable time and efforts are needed to build up consumers' confidence in the Company's brand name "JINKE" before there is any improvement in the sales of rear projection colour televisions.

#### **OTHER PRODUCTS**

MP3 players accounted for approximately 4% of the Group's total turnover in financial year 2001 and amounted to HK\$5.5 million. The Group mainly distributed imported MP3 players and the turnover remains stable throughout the financial year.

#### **CHANGE OF SUBSTANTIAL SHAREHOLDER**

Following the successful completion of the conditional sale and purchase agreements in June 2001, Active Market Investments Limited ("Active Market") has become the substantial shareholder of the Company. It is the intention of Active Market that the existing business activities of the Group will remain unchanged.

#### **PROSPECTS**

The Group will continue to engage in the existing business of assembling and distribution and trading of audio and video equipment and is committed to strengthen the business by streamlining the operations and improving production efficiency. Besides, new initiatives will be taken to improve the Group's financial position.

With the capital on hand, the Group will continue to look for different business / investment opportunities so as to enhance the Group's future growth and bring in better returns for the shareholders.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

## CHAIRPERSON'S STATEMENT

#### **PLACING OF SHARES**

The Company placed 15 million shares to a number of independent investors at a price of HK\$0.3 per share on 5th December 2000. The proceeds from the placing has been used for the general working capital of the Group.

The substantial shareholder of the Group, Active Market, entered into an agreement to place 14 million shares to a number of independent investors at a price of HK\$0.2 per share on 20th July 2001 and will subscribe for 21.5 million new shares of the Company at the price of HK\$0.2 per share. The proceeds will be used for the general working capital of the Group.

#### **CODE OF BEST PRACTICE**

The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules on the Hong Kong Stock Exchange since being listed on the Stock Exchange, except that the independent non-executive directors of the Company are subject to retirement by rotation and re-election and are not appointed for specific terms at the Company's annual general meetings in accordance with the Company's bye-laws.

#### **PUBLICATION OF FURTHER INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

All the financial and other related information of the Company required by paragraphs 45(1) to 45(3) of Appendix 16

of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

Finally, performance of the Group largely depends on every individual behind it. Our directors, our management and employees have made significant contributions to the Group. I would like to take this opportunity to extend my sincere gratitude to all the Board members and the Group's staff for their continuous support and contribution during the year.

By Order of the Board

**Sin Woon Ching**

*Chairperson*

Hong Kong, 30th July 2001

**GROUP STRUCTURE**

