

# Chairman's Statement

On behalf of the Board of Directors of the Company, I take pleasure in presenting the Annual Results of the Group for the year ended 30 June 2001.

During the year under review, Mr Yeung Kang Lam, through Interactive Spirit Limited, became the controlling shareholder of the Company. Interactive Spirit Limited, disposed of its interest in the Company in June 2001 and Mr Chen Chak Man, through 369 Holdings Limited, became the substantial shareholder of the Company then. The present management only took over the control of the Group in early August 2001.

The results as set out in this Annual Report represent, then, the achievements of the Group when its affairs were the responsibility of former managements.

For the year ended 30 June 2001, the Group's turnover increased to HK\$198 million representing an increase of 29.7% over that of last year. The subsidiaries responsible for the manufacturing and trading of electrical equipment and the provision of electrical engineering and contracting services continued to be profitable, although the share trading subsidiaries showed a loss as a result of adverse market conditions. Provision has been made in order to account for, inter alia, the impairment of goodwill, resulting in a net loss for the year of HK\$47 million (2000: net profit of HK\$4 million). The Net Asset Value of the Group as at 30 June 2001 stood at HK\$74.5 million (2000: HK\$107.1 million). The Board of Directors has resolved not to pay a dividend for the year.

After the close of the year, the Company placed 160 million shares at a Placement Price of HK\$0.05 per share. The placement realised around HK\$7.8 million which was used to reduce the Company's short term debt.

The year under review proved to be extremely difficult for business, with the US economy markedly slowing. Hong Kong's economy is still deflating, but the continued excellent economic performance of the PRC should help cushion Hong Kong from the full effects of the global downturn. The effects of the Terrorist attacks on the US have had a further dampening effect on the world economy, but it is too early to say whether these will have a lasting effect or whether there has been an overreaction. Only time will tell. Meanwhile, doing business has become that much riskier, indicating that caution should be the watchword.

The present investment climate, although making the raising of funds difficult, does offer a range of sound business opportunities. The Group will continue to explore ways and means of developing the Group's investments, which with prudent management can be expected to show real growth in the years ahead. At the same time, the Group will exercise restraint in expenditure in order to conserve its resources.

## **Chairman's Statement** *(Continued)*

On behalf of the Board of Directors, I should like to thank: our customers, our bankers, our auditors, the staff of the Group for their diligence, and our many shareholders, particularly those who have exercised such patience during a difficult year. I look forward to an improved performance in the coming months and years.

**Chen Chak Man**  
*Chairman of the Board*

26 October 2001