

BUSINESS REVIEW

The Group's turnover for the six months ended 30 November 2000 rose 5.5% to HK\$172,882,000 from the corresponding period last year. Profit attributable to shareholders was HK\$18,703,000, a strong 57.4% increase from the period.

While the Group was not insulated from the global difficulties faced by the electronics industry, the robust rebound in performance was largely powered by the Group's dedicated efforts in the past period to reposition its business mix and diversify into the development of higher-end schedulers and calculators with touch-screen panels and multiple functions. These new products contributed a major part of the profit growth, with a gross profit margin of nearly 15% higher than that of traditional calculators.

The first production line for digital products such as digital cameras with MP3 had been fully operational in early December 2000. Negotiations are ongoing with a number of world-class brands of digital products for the development of new models of digital cameras and several series of innovative digital devices adopting the most leading edge technologies including bluetooth.

Capitalising on the Group's technology and production capability in digital products, as well as our established client base in the premium market, the Group intends to extend the product range of this new digital line to maximise market coverage and return on its investments. The Group has commenced the development of a new line of attractively priced "digital toy-cameras" under its own brandname "amax", targeting the premium market.

In view of the robust demand for the Group's digital products and schedulers, the Group has proceeded to construct an additional block of factory in the vicinity of existing premises. Construction is scheduled for completion by early 2002 and the block is expected to provide an additional gross production floor area of 100,000 sq ft.