

## BUSINESS REVIEW

The Group's turnover and unaudited net profit attributable to shareholders for the six months ended 31 March 2001 were approximately HK\$63 million and HK\$0.4 million respectively, representing decreases of approximately 13% and approximately 92% respectively over the corresponding period in 2000.

Since the US economy is slowing down, the Hong Kong electronics industry is affected adversely and the Group's turnover decreased significantly. Moreover, due to keen competitions in the switches industry, the Group's profitability is affected.

In the past year, the Group's Hong Kong production operations other than certain mould making activities have been relocated to the Group's main production plant in Dongguan, the PRC. The Group is now actively reorganizing its production facilities in order to achieve optimal efficiency and to reduce operation costs. However, during this transitional period, certain production orders were delayed and the turnover for the period under review was reduced slightly compared with that of the previous period. In order to meet customers' orders, certain production processes had been assigned out to independent subcontractors which also reduced the Group's profitability for the six months ended 31 March 2001.

Nevertheless, the Group has developed and maintained good business relationships with several famous Japanese consumer electronics brandname owners. Through the Group's marketing office in Singapore, the Group has also developed business relationship with a famous European consumer electronics brandname owner. The Directors are confident that the Group will broaden its customer base, promote its products globally and enjoy good returns in the future.