



Chairman's Statement

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30th June, 2001 (2000: Nil).

REVIEW OF OPERATIONS & PROSPECTS

The Group's turnover for the year ended 30th June 2001 was approximately HK\$136 million, which represented a decrease of 10% from the turnover of last year. The administrative expenses for the year ended 30th June 2001 were approximately HK\$53.9 million, which represented an increase of 11% from the expenses which was incurred last year. The loss for the period was approximately HK\$28.5 million which represented an increase of 15% and such loss includes the provisions for all slow moving stock, written off the construction cost of RJP Garden and all investments in ebusiness ventures.

During the period under review, the business of the subsidiary which is engaged in the manufacture of connectors being used in personal computers declined due to the slowdown of worldwide economies and slower sales of personal computers. The company has diversified its product lines into other electronic products on OEM and ODM basis and have implemented cost control measures to reduce cost.

Due to the drastic downturn of internet business worldwide, the group had ceased the internet portal and software development operations in the PRC and have written off the investment in these operations.

In October 2000, the Group acquired the entire issued share capital of Applied Technology Limited from Applied International Holdings Limited at a consideration of HK\$51.3 million. Applied Technology Limited holds a property with approximately 10,801 square feet located on the 46th floor of Far East Finance Centre, 16 Harcourt Road, Central. With existing properties located in Hong Kong and PRC owned by the Group, a stable rental income is expected to be generated during coming years.

REDOMICILE

The Group intends to change the domicile of the Company. The reorganisation proposals will be effected by way of a scheme of arrangement under Section 166 of the Companies Ordinance and a related warrant proposal.

The Group believes that it is in the best interests of the Company and the shareholders of the Company as a whole that the holding company of the Group be established in an offshore jurisdiction familiar to international investors with a view to enhancing the international standing of the Group. The proposed group structure, with a new holding company in Bermuda, is expected also to allow the Group greater flexibility in formulating any future expansion plans which, if appropriate, may be carried out by overseas subsidiaries of the new holding company, particularly with China entering the W.T.O., the Group is planning to represent more overseas companies for export of their products into the China market.

Bermuda has been chosen as the place of incorporation of the Group's intended holding company in view of its political stability, its common law legal system and its importance as an international centre with a large number of international companies incorporated there.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30th June, 2001, the Group's total borrowings amounted to approximately HK\$52,460,000 with approximately HK\$40,582,000 repayable within one year, approximately HK\$3,088,000 repayable between one to two years, approximately HK\$8,704,000 repayable between two to five years and approximately HK\$86,000 repayable after five years. Cash, bank balances and deposits at 30th June, 2001 amounted to approximately HK\$18,109,000. The Group's current ratio was 1.06 and the gearing ratio which is expressed as a ratio of total liabilities and minority interests to shareholders' funds was 0.26.

Cash, bank balances and deposits were held in Hong Kong dollars. Bank borrowings were denominated in Hong Kong dollars and US dollars amounting to HK\$48,541,000 and HK\$3,919,000 respectively. The Group had no significant exposure to foreign exchange fluctuation.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30th June, 2001.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

APPRECIATION

The Directors would like to express their sincere appreciation for all the dedicated efforts of all the management and staff of the Group during the year.

On behalf of the Board

Hung Wong Kar Gee, Mimi
Chairman

Hong Kong, 22nd October, 2001