

REVIEW OF OPERATIONS

For the six months ended 30 June 2001, the total turnover of the Company and its subsidiaries (the “Group”) was HK\$67 million (2000: HK\$1,534 million) and the interim consolidated loss attributable to shareholders was HK\$65 million (2000: HK\$148 million). The significant decrease in turnover was due to the disposal of Tomei International (BVI) Limited, a wholly owned subsidiary of the Company, in June 2000. The turnover associated with Tomei International (BVI) Limited for the six months ended 30 June 2000 was HK\$1,406 million. The loss of HK\$65 million for the current period decreased by HK\$83 million from the corresponding period, which was significantly affected by a HK\$220 million preliminary provision relating to the advances made in respect of the rescue of the Akai Group. Since the last year end, there has been no significant adverse development in the Akai situation.

Shareholders’ funds at 30 June 2001 stood at HK\$298 million or HK\$0.079 per share.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group’s current assets and current liabilities as at 30 June 2001 were HK\$622 million and HK\$638 million respectively (2000: HK\$694 million and HK\$575 million, respectively). As at 30 June 2001, the Group had cash and bank deposits of approximately HK\$9 million (2000: HK\$26 million), and no bank borrowings.

Depending on market conditions, the directors will continue to explore opportunities to further strengthen the financial position of the Group.

PROSPECTS

The directors are actively exploring opportunities to expand its business activities, in particular those relating to manufacturing, components and technology.

Given the current market sentiment in e-commerce, the directors have been working closely with the management of our associate, Bizipoint.com Limited, and are confident that it will be able to maintain its competitive edge in this field.

The directors are also continuing their efforts to explore various options to recover and realise the exposure on the advances made by the Group in respect of the rescue of the Akai Group.