

PROSPECTS

Although the economic environment is still unfavourable, the Group is confident of its future development and prospects. On the export side, the Group expects demand for electronic components and parts in overseas markets to recover to a reasonable level in 2002, following the depletion of accumulated stocks during the past six months. In preparation for this, the Group plans to appoint more distributors to enhance the penetration rate of its products. Moreover, the Group also believes that its new subsidiary and associated companies established in the past six months will start bringing in profits to the Group following anticipated growth in the coming six to twelve months.

In order to further expand its scale and professional foundation, the Group will continue to pursue its "Satellite Development Strategy". Recently, the Group has established two more joint ventures. The first one is DV Power Limited which is incorporated in Hong Kong and will focus on power component trading, targeting the Hong Kong market. The second new company is a joint venture with Mantech Electronics, a well-established company in South Africa which was founded in 1987 and has four branches, in Johannesburg, Midrand, Durban and CapeTown. This joint venture will focus on electronic components and facility trading services in South Africa.

The Group will continue to improve its operating model and procurement procedures, and will strive to provide professional procurement services for specific electronic components or products in order to minimize costs and achieve a higher profit margin.

Looking ahead, the Group will build on the firm foundation of improved operations and a stronger financial base by seeking to capture every appropriate business opportunity in the market and to acquire additional companies with good potential to fulfil its aim of offering full trading services. The Group believes that its business results will gradually recover, and expects a better performance in the coming financial year.