

PROSPECT

In view of the slowdown of the worldwide market condition, the global economy remained sluggish. Though the US government had implemented a series of reductions in interest rate, the US economy was further dampened by the September 11 terrorist attack and has plunged into recession, ending 10-year of expansion. It is foreseeable that the business environment in the US market will remain uncertain until next year.

Looking ahead, with the PRC's successful accession to the World Trade Organization, coupled with the estimated economic growth rate of 7% next year, it is envisaged that the PRC market will be more open and China economy is expected to grow with significant increase in consumer spending. The Group will devote more effort to exploring more opportunities with high growth and high return in the PRC market. Focus will be put on developing clock, wooden and lighting businesses and building up recognition on our branded products, namely "Memolux" and "Artex" in the major cities of Mainland China such as Beijing, Shanghai, Guangzhou and Nanhai. It is foreseeable that the booming economy of the PRC will facilitate the Group to generate more profits.

In overall, the Group will continue to improve the performance of its core businesses by implementing effective business strategies, maintaining cost efficiency and establishing extensive distribution network to create value-added products to customers. Equipped with our relevant technical know-how and market networks, the Management believes that the prospect of the Group is promising.