

Interim Report 2001/2002

INTERIM DIVIDEND

The Directors have resolved not to pay an interim dividend for the six months ended 30th September, 2001.

FINANCIAL REVIEW

The Group's turnover for the six months ended 30th September 2001 amounted to approximately 38,344,000, representing a decrease of 60% over the corresponding period in the last year. Loss attributable to shareholders was approximately 9,635,000 in the period under review. The unsatisfactory performance was attributable to the market sentiment of the industry. Moreover, the sluggish of the worldwide economy have also an indirect impact on the industry.

BUSINESS REVIEW

During the period under review, the trading of audio-visual products (the "Products") was the principal business of the Group during the period. The turnover of the Products have been decreased by 47% as compared with the last corresponding period. A number of unfavourable factors affected the business of the Group. Amongst these included disruption of the supply of key DVD player components, as there was a worldwide shortage of the related electronic components in late 2000. In this respect, it seriously affected production and marketing plan in launching new model of DVD player. Meanwhile, presence of cutthroat price competition of the Products in the Mainland China also substantially reduced our operation in Mainland China.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity remained comfortable with current ratio at healthy level of 4.3 times as at 30th September 2001.

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PROSPECTS

After years of rapid expansion, the Group is in the stage of consolidating its existing business and at the same time identifying new business opportunities. In pursuit of the long term business strategies, the Group has acquired, subject to approval of the special general meeting, 51% interest of Environmental Technology Concept Limited engaging in trading of electronic ballast and the provision of service for installing these electronic ballast. By the acquisition, it gives the Group a chance to diversify into different electronic related business/investments opportunities as to broaden and strengthen its income base. Nevertheless, the Group will continue to engage in its existing business.

EMPLOYEES

As at 30 September 2001, the Group had approximately 12 full time employees whose remuneration are based on individual merits and years of experience.

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 six months ended 30 September 2001.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim financial statements and discussed financial related matters with the management.

On behalf of the Board

Sin Woon Ching

Chairperson

Hong Kong, 20 December 2001