INTERIM DIVIDEND

The Board of Directors did not recommend any interim dividend for the period under review (2000: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights:

The Group has experienced a challenging year with the half-year performance adversely affected by the stagnation of the U.S. and European markets and a lack of funds to finance some orders. Turnover for the period under review was approximately HK$60.8 million representing a decrease of about 35% (2000: HK$93.2 million). The Group's loss from operations has more than trebled from HK$19.1 million to approximately HK$61.8 million. In view of this, the Group has made appropriate valuation of all its inventories, which has resulted in lowering the Group's gross margin.

The increase in operating loss was mainly due to the decline in turnover which adversely affected the gross profit margin.

The sum of the distribution costs, the administrative costs and other operating expenses was approximately HK$46.8 million of which approximately HK$13 million was attributable to the depreciation and amortization costs.

The finance costs were approximately HK$27.2 million for the period.

Business Review

An analysis of the turnover for the Group's major products is provided as follows:

	6 months ended 30.9.2001 *(HK$'000)*	6 months ended 30.9.2000 *(HK$'000)*
Antenna	15,942	23,964
Car accessories		
Battery products	3,823	8,555
Compressor/pumping	14,595	11,482
Camping products	9,201	9,985
Lightings	9,514	12,922
Others	5,708	21,328
Car parts	2,000	4,972
	60,783	93,208

The Group's Liquidity and Financial Resources

The Group's cash flow remained tight throughout the period. The net surplus cash position of the Group was about HK$10.4 million as at September 30, 2001 which included approximately HK$6.1 million held by secured creditors.

During the period under review, the Group held an interest in an investment property in Tianjin, Innotec Tower, which comprises a commercial podium and certain residential and office units.

The financial borrowings of the Group of approximately HK$605.2 million and the majority of income and expenses of the Group are dominated in either Hong Kong or US Dollars. Hence, the Group's exposure to exchange rate fluctuations is considered to be minimal and the use of financial instruments for hedging purposes is seldom required. The gearing ratio (i.e. total liabilities/total assets) as at September 30, 2001 was 188% (2000: 117%).

During the six months ended September 30, 2001, there were no material acquisitions or disposals of subsidiaries and associated companies of the Group.

Save for as disclosed in the financial statements for the period under review, the Group has no other contingent liabilities.

During the six months ended September 30, 2001, there was no movement in equity and there was no new business including new products and services introduced or announced during the captioned period.

In 1999, the Company and certain of its subsidiaries received demands from certain of their bank creditors for the repayment of loans under various banking facilities. The Company then commenced debt restructuring discussions and negotiations with its bank creditors and holders of the convertible note (together "the Lenders").

In October 1999, the Group entered into a standstill agreement ("the Standstill Agreement") with the Lenders. Under the Standstill Agreement, the Lenders were granted a security over the assets of the Group.

On July 17, 2001, the Company and the Lenders signed a debt restructuring and rescheduling agreement (the "Restructuring Agreement"). However, the conditions under the Restructuring Agreement were not satisfied and the Restructuring Agreement failed to close.

As a result, Messrs John Robert Lees, Desmond Chung Seng Chiong and Kelvin Edward Flynn were appointed as joint and several receivers and managers ("Receivers") over all the assets and properties of the Company and certain of its subsidiaries on October 22, 2001.

Employment and Remuneration Policies

As at September 30, 2001, the Group employed approximately 1,500 employees. Remuneration policies were reviewed regularly by the Directors of the Group. Remuneration packages were structured to take into account the level and composition of pay and the general market conditions in the respective countries and businesses in which the Group operates.

OUTLOOK AND PROSPECTS

The Receivers have been working to stabilise the financial and operational affairs of the Group with a view of implementing a restructuring of the Group.

Advertisements seeking expressions of interest were published in December, 2001 and January, 2002. To date, a number of potential investors have approached the Receivers with preliminary restructuring proposals.

The Receivers are evaluating proposals and negotiating with the potential investors.

Upon completion of the restructuring, the Group will be benefited by operating under a stable environment with a significant reduction of its financial burden.

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at February 25, 2002, the beneficial interests of the Directors and their associates in the share capital of the Company, as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ('SDI Ordinance"), were as follows:

	(Number of Ordinary Shares)			
Directors	Personal interests	Family interests	Corporate interests	Total
Mr. CHANG Lien-hing, Stephen ("Mr. Chang")	25,621,654	20,173,043 Note 1	113,793,681 Note 2	159,588,378
Mr. AU Wai-hing, Antonio	100,000	–	–	100,000
Ms. WHONG Shuk-ping, Anita	–	–	–	–
Mr. LUM Chor-wah, Richard	840,000	–	–	840,000
Mr. TONG Wui-tung, Ronald	–	–	–	–
Mr. Albert T.da ROSA Jr.	–	–	–	–
Mr. LIU Chow-loy, Barry	–	–	–	–