

CHAIRMAN'S STATEMENT

I am very pleased to report that 2001 witnessed a successful turnaround of the Company, with all key performance measures improving significantly over the previous financial period. This turnaround was driven by strong sales growth and resulted in net income of approximately HK\$12 million. These results are all the more significant when viewed against the background of a very weak global economy in 2001.

The following review will focus on operational matters rather than non-recurring items in 2001 and 2000, such as the gain in the 2000 financial period of approximately HK\$250.7 million arising from the waivers of bank debt in the restructuring effected in 1999. As discussed below sales and operating earnings in the second half of the financial year showed tremendous growth over the first half. The two principal drivers of the net income figure of approximately HK\$12 million are the significantly improved operating performance of our core business and the gain arising as a result of the acquisition by our new PRC partner of a 24% interest in our former subsidiary, which is now known as Shenzhen TOP Guo Wei Electronics Co., Ltd.

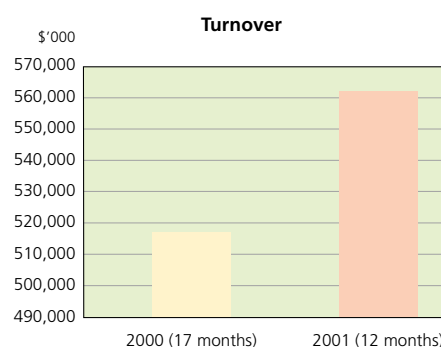
Areas of major progress in 2001 include:

- The widening of our customer base to include new territories and new customers in Europe and Asia Pacific.
- The introduction of a new range of products, particularly in the Digital Enhanced Cordless Telephone (DECT) range. These products were especially well-received and contributed significantly to our sales growth.
- Sichuan Top Software Co., Ltd., a major listed group in the PRC, became not only a 24% partner in our manufacturing division, but also a customer for GSM phones contract manufacturing in the PRC.
- Further significant cost savings and improvements in operational efficiencies.

The audited results shown above for the two financial periods are not directly comparable as they cover the twelve months in calendar year 2001 and the previous financial period of 17 months from 1 August 1999 to 31 December 2000 (current management only assumed control in late 1999). Nevertheless key trends are evident from these audited numbers and a breakdown of 2001 results into first and second halves:

2001 (12 months) versus 2000 (17 months)

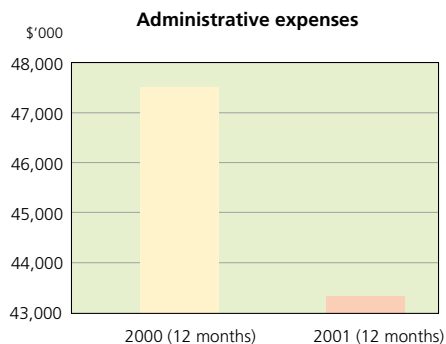
- Sales increased 9% in 2001 to approximately HK\$562 million, with gross profit increasing 343% to approximately HK\$71.9 million. This represents a gross margin of 12.8%, a major improvement from the previous period's level of 3.1%.



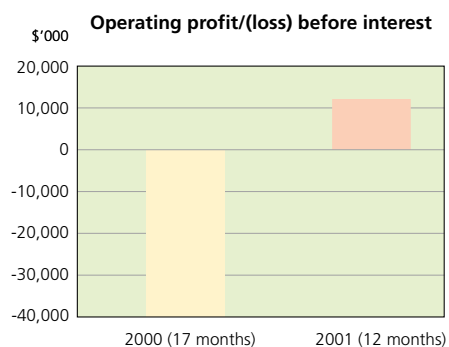
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2001 (12 months) versus 2000 (17 months) (continued)

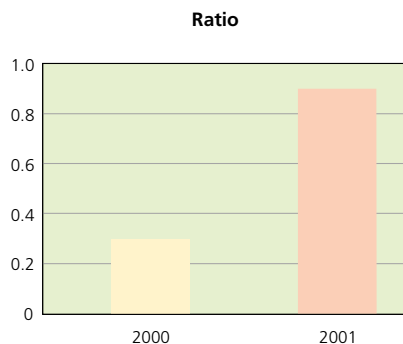
- Our cost reduction programme produced significant benefits, with administrative expenses declining 9% on a 12 months basis, based on unaudited figures for 12 months of 2000.



- Profit from operations (before finance costs) showed a major improvement, from a loss of approximately HK\$40 million in 2000 to a profit of approximately HK\$12.1 million.

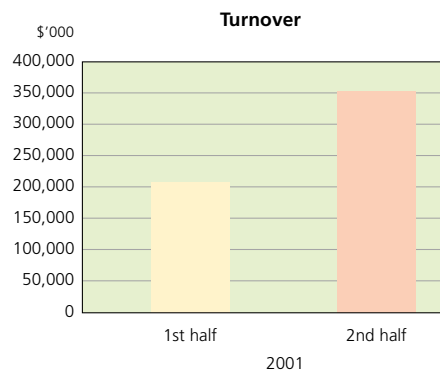


- Our liquidity position has improved substantially. The Company's current ratio (current assets to current liabilities) is 0.9, compared to 0.3 as at 31 December 2000 and is the highest ratio in the last 5 years.



2001 - 2nd half versus 1st half (unaudited results)

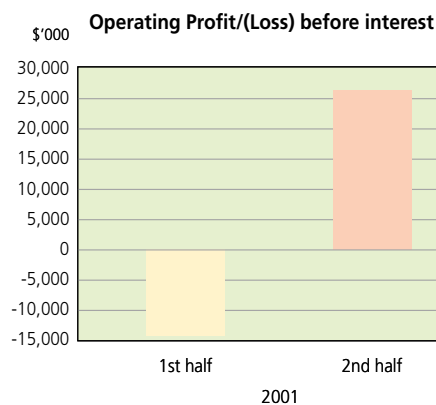
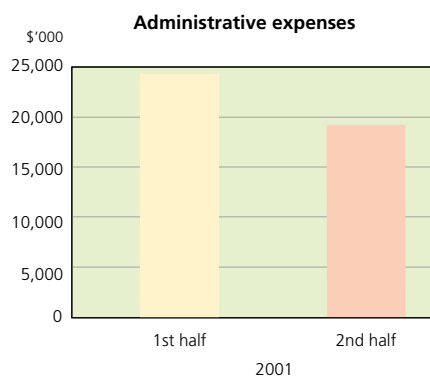
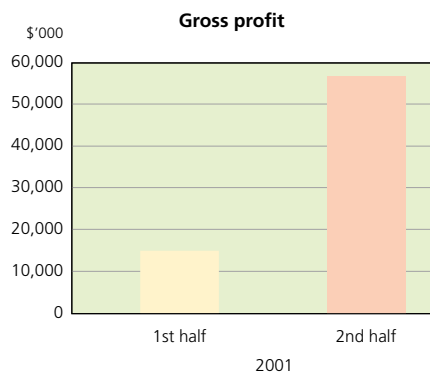
- Sales in the second half increased 72% over the first half to reach approximately HK\$355 million.



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2001 - 2nd half versus 1st half (unaudited results) (continued)

- As a result of the introduction of newer products (particularly DECT) and improved manufacturing cost control, gross profit grew dramatically to approximately HK\$56.9 million versus HK\$15.0 million in the first half, resulting in an improved second half gross margin of 16%, up from 7.2% in the first half.
- Administrative expenses further declined 20% percent in the second half to approximately HK\$19.2 million.
- Operating profit (before finance costs) went from a loss of approximately HK\$14.2 million in the first half to a profit of approximately HK\$26.2 million in the second half.



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OUR BUSINESS AND PLANS

The Company focuses on the design, manufacturing and supply globally of fixed line and wireless telecommunications products under our own brand, the brands of our customers and pursuant to contract manufacturing arrangements. Our existing product range includes corded telephones, cordless telephones, DECT and other telecommunications products. Our customer base continues to comprise prime telecom operating companies and telecom product distributors in Europe and Asia Pacific.

As previously reported in our 2000 annual report, our plans for 2001 included extending the penetration of the European market for our original design manufacture (ODM) products, through a wider range of products and an expanded customer base, to step up our sales activities in the PRC, to focus more on contract manufacturing of GSM phones and to further increase operating efficiencies.

We were successful in implementing all of these initiatives. In particular, our efforts to expand our European customer base were well rewarded, with new markets being established in Austria, Belgium, Germany, Holland, Italy, Switzerland, Portugal, Scandinavia and India. Our French office produced solid results and an extended customer base. DECT products accounted for approximately 15% of our turnover last year, up from 3% in the previous period. DECT will continue to be an important driver of our growth, as the European market not only sees natural growth in demand for telephone products but also looks to replace existing cordless models with the DECT models. We have selectively pursued opportunities to supply fixed line products in the PRC and Hong Kong markets and initial results are encouraging. More importantly, we have successfully secured a steady and long term contract manufacturing arrangement with our partner Sichuan Top Software Co., Ltd. for a wide range of GSM phones.

OTHER MATTERS

In mid 2001 we announced that an investor had agreed to inject substantial new capital into our software development division - Coolspeak. This transaction, which would have resulted in a gain for the Company, was later approved by shareholders in a special general meeting. Unfortunately the investor failed to complete the transaction, which caused consequential problems in product implementation and development of the division. The board has thus decided that it would be unwise to continue to further invest in the division. Therefore we have taken the prudent course of providing fully for this investment.

An open offer and a placement in June 2001 successfully raised approximately HK\$37.5 million of new capital which assisted greatly in achieving sales growth in the second half and boosting working capital.

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OUTLOOK

Challenges of course remain. However, our sales in the year to date have been strong and we believe that our first half 2002 performance will be significantly better than the same period last year.

Our plans for this year are to continue to focus on servicing our widened customer base in Europe and Asia Pacific with existing and newly developed products. In addition we will continue to focus on achieving further operating efficiencies and savings. An important initiative will be to further strengthen our product research and development capability.

We would like to thank our customers and shareholders for their support during the year and our staff for their efforts.

Peter F AMOUR

Chairman

Hong Kong, 15 April 2002