

This has been a year of transformation for the Group. Debt restructuring arrangements with its principal bankers and trade creditors have been completed resulting in a greatly improved financial position of the Group. In addition, in July 2001, its major shareholder, Sino-i.com Limited, injected a property portfolio into the Company with property development projects in Shenzhen and Nanjing, and granted two options for acquiring property development projects in Guangzhou and Beijing. This portfolio comprises of more than 3 million sq.m. of residential gross floor area. As a result, the Group has converted its business focus into property investment and development in China while continuing its manufacturing and marketing of consumer electronics products.

LIU WAN PROJECT

Among various property development projects in China, the site in Shenzhen has drawn the most attention. This property will be developed into a mini city with about 1,000,000 sq.m. of prime residential, office and retail facilities which can accommodate more than 8,000 families at Shekou, Shenzhen. Town planning approval has been obtained from the government authority, and construction will commence in the fourth quarter of this year. This project enjoys a 270 degree panoramic sea-view of Shenzhen Bay and also overlooks Yuen Long and Tin Shui Wai, Hong Kong.

Land auction results in Shenzhen in the past year have been encouraging, indicating strong demand for residential units in Shenzhen and its vicinity in the foreseeable future. We envisage this project offers prosperous potential and will create strong cashflow and profit for the Group in the next five years.

NANJING PROJECT

The Nanjing project, with a gross floor area of about 100,000 sq.m., has commenced its development. In view of the favourable market situation in Nanjing, this project is expected to generate attractive profit for the Group in the next few years.

GUANGZHOU PROJECT

The Guangzhou residential project offers more than 1,000,000 sq.m. of saleable floor area and is close to the new Guangzhou airport. All of the planning applications have been completed and construction of the first phase will commence upon the relevant approvals are obtained.

Currently, the Company owns 49% interest in a Guangzhou project and has an option to acquire the remaining 51% interest from its holding company before January 2003. It is the Group's intention to exercise the option within the next financial year.

BEIJING GOLDEN ERA HOTEL PROJECT

Similar to Guangzhou project, an option was granted to the Group by its substantial shareholder in July 2001 to acquire the entire interest in a hotel redevelopment project in Beijing. Such option has the same maturity date as the Guangzhou project option. It is also the Group's intention to exercise the option before its maturity.

Phase I of the redevelopment project involves an office building, and is expected to be completed by the first quarter of 2003. There are already enquiries for both sale and lease of the office floors. Income from this project will also improve the Group's profit in the coming years. Application for the redevelopment of the hotel adjacent to the Phase I office building is also underway, and approval is expected to be received in the coming few months. The Group intends to commence demolition of the existing hotel immediately after such approval is obtained, and more than 25,000 sq.m. of grade A office is planned for the site.

MANUFACTURING BUSINESS

In view of the Group's manufacturing business, Team Concepts Manufacturing Limited ("TCM") has completed a scheme of arrangement with its trade creditors and a debt-restructuring plan with its principal bankers during the year. As a result, TCM has been able to operate its business much smoother. However, the Group does not anticipate significant improvement in the return from its manufacturing operation due to external economic environment. The Group will continue to invest in this business once market conditions improve.

LOOKING AHEAD

It is the Group's strategy to focus on residential property developments at the high growth cities in China, such property developments are expected to contribute strong cashflow and handsome profit for the Group in the next few years. For the manufacturing division, we will strive to further strengthen our product developing capability in order to secure orders from our existing clients and attract new orders from new clients. We believe the Group is well positioned for dynamic growth in the future.