

## ***Refrigerator Business Analysis***

During the period under review, the Group's refrigerator turnover decreased by 10.4%, amounted to HK\$287,944,000. Sales volume remained stable, reaching approximately 332,000 units.

### **Overseas Export Market**

The Group's export sales volume of refrigerators increased by 11.8%, reaching approximately 159,000 units, while turnover remained stable, amounted to HK\$88,583,000. The establishment of the export marketing and product research departments has continuously provided institutional and technical supports to the export business, which has extensively stimulated the growth. Meanwhile, the Group has explored a number of overseas markets so as to enlarge the room for further development. Recently, America and many European countries have uplifted their technical requirements on household electrical appliances. By fully utilizing the strengths in mastering the techniques to meet the overseas market requirement, the Group believed the advantage in export business could be maintained. Currently, the Group's contract on hand regarding the export of refrigerators is 200,000 units.

### **The PRC Market**

During the period under review, sales volume and turnover of "HUALING" refrigerator in the PRC were approximately 153,000 units and HK\$173,044,000 respectively, representing 7.4% increase and 6.4% decrease respectively as compared with the corresponding period last year. The product range of "HUALING" refrigerators was extended to general type, which tailors for people from all walks of life and various markets, hence enlarging the Group's market share. The Group will continue to widen its product mix and enhance its quality to capture a larger market share. Furthermore, the Group has introduced 10 types of new products during the period, so as to increase its product competitiveness and revenue.

### **OEM Market in the PRC**

The Group's sales volume and turnover of refrigerators in OEM business were approximately 20,000 units and HK\$26,317,000 respectively, representing a decrease of 58.7% and 44.8% respectively as compared with the corresponding period last year. The decrease was mainly due to the changing ordering pattern in the PRC. Most of the manufacturers have postponed their ordering from January last year to high seasons such as April and May in the current year, leading to a negative effect on the performance of OEM refrigerator business as at June 2001. Sales volume from January to July have increased by 13.7% in comparison with same period last year.