

## **FUTURE PROSPECTS**

As affected by the slowdown of the economy in U.S.A. and the 11th September incident, the business operation environment is still volatile and uncertain. Competition in the market is still severe. In order to overcome present difficult situation, the Group's manufacturing facilities were consolidated and the management team were simplified. After the closure of part of the production facilities, production costs were reduced and subsequently, increased the competitive power of the Group's products in pricing. Presently, orders on hand scheduled to deliver in 2002 were of a satisfactory level. Besides, the profit margin for new products is higher which will enable the overall profit margin of the Group's products to move upward.

At present time, global stock markets are more active. We expect certain amount of the provision for diminution in value of the listed securities held by the Group can be written back by the end of the financial year if the stock markets remain active.

Baring unforeseeable conditions, the performance from the Group's core business, the consumer electronics division will improve during the second half of the financial year.