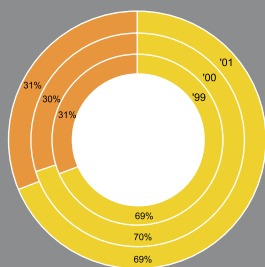


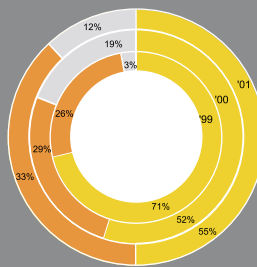
Turnover of the Group by Products
集團營業額之產品分佈



For years ended 31 December 1999-2001
截至1999年至2001年12月31日止年度

Refrigerator 冰箱
Air Conditioner 空調

Sales Volume of the Group by Markets
集團銷售台數之市場分佈



For years ended 31 December 1999-2001
截至1999年至2001年12月31日止年度

Overseas Market 國外市場
PRC Market 國內市場
PRC OEM 國內OEM

3. Application of Information Technology

The Group believes that effective resources management is the integral part of the competitive strengths for a corporation. In order to accomplish the objectives of reducing internal resources management cost and increasing management efficiency, the Group has launched the ERP within the air conditioner division in the second half of 2001. The ERP was subsequently implemented on 1 April 2002. After achieving successful results, the ERP will be extended in other divisions of the Group. The move will increase the overall efficiency, lower cost and enhance competitiveness. Also, the Group will keep a close eye on the development of e-commerce. It will study the interactive relationship among distribution network, logistics delivery as well as e-commerce. In addition, the management team will enhance the online business functionality of the Group's website with an aim to build the solid foundation for implementing e-commerce business in the future.

4. Capital and Financial Operation

Currently, the competition in the PRC's household appliance industry is intensified. It is a macro trend for the industry to undergo merger and acquisition amongst its players. The management team of the Group will closely monitor the development and will seize the opportunity to expand the scale and market share of the Group. In addition, in view of the low interest rate for the borrowings in the PRC, the Group will continue to maintain its treasury policy in order to reduce financing risk. The Group also will adopt prudent capital and financial measures in accordance with the business development.

3. 企業資訊系統建設

面對目前激烈的家電市場競爭，本集團預期高效益的專業資源管理將成為企業優勢的重要部分。為達到降低本集團內部資源管理成本及提高管理工作效率之目的，本集團於二零零一年下半年開始，於空調部門建設ERP，並於二零零二年四月一日正式推行。在空調企業資源規劃系統成功地投入運作，並取得令人滿意之成果後，有關之企業資源規劃系統將於其他業務部門推行，務求令本集團之整體業務達到高效率、低成本，增強競爭。此外，本集團亦密切關注電子商務之發展動向，積極研究市場網路、物流配送以及電子商務三者之間的互動關係。同時，管理層亦會不斷地擴充本集團對外資訊網站之網上商務功能，為本集團未來實施電子商務建立穩固的基礎。

4. 資本及財務營運

目前，中國家電業之市場競爭已進入白熱化階段，行業內各企業間的業務整合將是家電業市場之大趨勢，本集團管理層將十分留意並有信心能把握此機遇，從而達到擴大本集團規模和市場份額之目的。此外，本集團面對國內銀行利率低的現狀，將繼續維持以國內為主要借貸資金來源的政策，以達致減低財務風險之目的。本集團亦會因應業務發展之策略，繼續採取審慎的資本營運及財務策略。





5. Cost Control

In view of the keen price competition in the household appliance market, effective cost control measure is definitely the key to strengthen market competitiveness in order to increase profit. Therefore, the Group will continue to adopt stringent cost control in order to enhance its cost advantage. Also, the Group will capitalize on the information management technology to increase responsiveness of every management level within the Group to cope with the market changes. On the other hand, the Group will implement various measures such as strengthening internal management, effective resources management, reducing of excess wastage and cost effective scale of production to increase profitability.

6. Establishment of Corporate Culture

The management team believes that the entry of the PRC into the WTO will bring about immense cultural impact when the East meets the West. Subsequently a sound corporate culture will be a key factor to the success of the Group when entering into competition with international enterprises. With reference to the Group's business development, the Group will continue to adjust and establish a set of corporate values and behaviour codes, which echo with the Group's long-term business objectives. The Group's management team intends to cohere employee's thinking with its corporate culture through different programmed activities, providing a solid foundation for the Group's future development.

Acknowledgement

Last but not the least, I would like to express my sincere gratitude to our Board, the management team and all staff for their contribution to the Group's development. Conveying our cordial thanks for the support of our shareholders, the Board will make every endeavor to turn in substantial returns.

By Order of the Board
Chen Xiao-shi
Chairman

Hong Kong, 10 April 2002

5. 成本控制

面對現今價格競爭甚為激烈的家電市場，有效的成本控制措施毫無疑問是集團取得競爭優勢提高盈利的關鍵。因此，本集團將繼續嚴格控制成本，致力加強本集團之成本優勢。同時借助資訊管理技術，提高企業各層面對瞬息萬變市場需求的反應速度，從而達到提高運營效率；另一方面將通過強化內部管理，有效地運用能源、減少物資損耗以及精簡架構等措施，實現全方位成本控制，藉以提高本集團之盈利能力。

6. 企業文化建設

本集團管理層認為，中國加入世貿將會帶來更深層的東西方文化衝擊，而預期良好的企業文化建設將成為企業參與國際化競爭強而有力的競爭成功因素。本集團將因應集團發展策略的需要，在現行企業文化系統基礎上予以重整，建立與本集團長遠發展目標相配合之企業價值觀及員工行為規範，並將通過系統活動在本集團員工中進行推廣、強化，從而使企業文化有力地支援本集團的發展策略。

致意

最後，本人謹藉此機會，感謝董事會各董事、各管理人員及全體員工，為集團的發展不斷作出貢獻。同時本人亦衷心感激股東的支援，本集團定必竭盡所能，為股東們帶來更可觀的回報。

承董事會命
董事長
陳小石

香港，二零零二年四月十日