

Managing Director's Statement

Despite of fierce competition in the market, the Group had a very satisfactory year. We experienced an increase in total turnover of more than 20%, as well as a rise in profit before tax of 11%.

We successfully launched various new products during the year. All were developed in line with our corporate philosophy of providing prompt and reliable service that is tailored exactly to meet the ever-changing needs of our customers. As our customers strive to succeed in their increasingly competitive respective markets, so we must continuously upgrade our support to them. It is a challenge that we are meeting effectively, and that we will continue to meet by maintaining the closest and most proactive working relationships with them.

The factory in Shenzhen has now come fully online, thus significantly boosting our production capacity and range, while utilising world-class technology to achieve the highest quality standards. In this way, we will be able to keep pace with demand, which is set to grow as more and more companies establish manufacturing operations in the PRC, following China's accession to the World Trade Organisation.

To match the competitive edge provided by this advanced technology, we are also maintaining the momentum of our ongoing campaign to enhance our management processes, and the skills of our workforce. The existing Management Information System (MIS) is being enhanced with a new Enterprise Resource Planning (ERP) system that will streamline and speed up the transmission of data, so that we become even more responsive to the business environment and the needs of our customers. The ingenuity and skills of every member of our strong workforce are being brought into full play through a Total Quality Management (TQM) Scheme and Quality Improvement Groups that collect and implement their ideas and suggestions.

Due to these strong efforts made by our management and frontline workers, we have been honoured with various forms of recognition for the overall operation and management of the Group including the Federation of Hong Kong Industries' Q-Mark quality logo. The advanced testing methods of our laboratory meet the Hong Kong Accreditation Service's HOKLAS accreditation standards. Besides these acknowledgements, we have received quality awards from the PRC Government and various other industry organisations. We are steadily working to upgrade our existing ISO9001:1994 certification to ISO9001:2000 standards.

As the following pages will testify, we have met and overcome the competitive challenges to build firm foundations, on which our business is set to grow and prosper in the months ahead. This has been due to the success of all our people in developing, manufacturing and marketing products that meet our customers' most stringent quality standards.

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation for the support of our customers, suppliers and shareholders. Thanks also to my fellow Directors for their valuable contribution and to the staff members of the Group for their commitment and dedicated services throughout the year.

YUEN SHU WAH

Managing Director

Hong Kong, 8th April, 2003