

RESULTS

The Directors are pleased to announce that the audited consolidated results for the year ended 31st December, 2000. Total turnover for the year amounted to HK\$416,551,000 (1999: HK\$439,735,000). The profit attributable to shareholders stood at HK\$28,102,000 (1999: HK\$51,832,000).

FINAL DIVIDEND

The directors recommend payment of a final dividend for the year ended 31st December, 2000 of 4 cents per share (1999: 4.55 cents per share after adjustment for the bonus issue of share) payable to shareholders on the register of members of the Company (the "Register of Members") on 14th May, 2001. This dividend together with the interim dividend of 2 cents per share (1999: 1.82 cents per share after adjustment for the bonus issue of share), will make a total of 6 cents per share for the year (1999: 6.37 cents per share after adjustment for the bonus issue of share). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or about 17th May, 2001.



CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 10th May, 2001 to 14th May, 2001, both days inclusive, during which period no share transfer will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong at Standard Registrars Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong no later than 4:00 p.m. on 9th May, 2001.

BUSINESS REVIEW

During the year, the turnover of the Group was decreased by 5% to HK\$416,551,000 and the net profit was HK\$28,102,000 representing a decrease of about 46%.



The substantial decrease in net profit was mainly due to the provision made for the investment in a financial information content provider and the decrease of profit margin in the packaging business.

Novelties and decorations

The turnover of this sector was slightly decreased by about 3%. Although the economy of USA tends to slow down, the Directors are optimistic that the performance of this business can be maintained in 2001 since the majority of our products is exported to Europe.

The Group has completed its relocation of production facilities in early March 2000. Since then, the whole plant in Zhuhai has been used solely for the manufacture of novelty items, while all decorative items are manufactured in Zhongshan. As a result, economies of scales have been maximised.

Packaging products

The turnover of packaging products was increased by about 9%. However, due to the increase in the price of imported raw materials, profit margin decreased and the contribution therefrom was decreased by about 40%.

Trading activities

The turnover of the trading of PVC film and plastic materials and contribution therefrom dropped by 25% and more than 90% respectively due to the decreases in both the price and demand for PVC film together with the volatility of the price of plastic chips and the adoption of a prudent and risk-averse policy by the Group.

Investments

To explore into the new information technology businesses and to take full advantage of the opportunities that are offered by the rapidly developing internet technologies, the Group had in February 2000 invested about HK\$7 million to acquire about 2% equity interest in HK Finance.Com Limited ("HK Finance"), a company operating a website for provision of financial information, as long term investment. The consideration was determined by reference to the then current performance and future prospects of HK Finance. To the Directors' disappointment, due to the change of market sentiment towards internet technology businesses, value of the shares in HK Finance had suffered substantial decrease during the period and it become doubtful as to any return of the said investment. Consequently, the Board decided not to exercise the option to subscribe further shares in HK Finance and a provision in the diminution in the value of that investment of about HK\$7 million to be made.



Investment in securities is held for short-term purposes for the capital gain in the value of the securities. As at the balance sheet date, the market value of investment in securities was about HK\$3,678,000.

During the year, in order to consolidate control the Group acquired the remaining 20% shareholdings in its subsidiary, Perfectech Colour Centre Limited ("Colour"), which is engaged in the of plastic pigment and colour master batch, at a consideration of HK\$320,000, which was determined by reference to the net asset value of the share acquired. Subsequent to the acquisition, Colour became a wholly owned subsidiary of the Group.

Liquidity and financial resources

Notwithstanding the substantial decrease in net profit, the Group managed to improve its financial position with cash on hand of about HK\$29,000,000. There was no long-term bank borrowings outstanding as at 31st December, 2000, and no charge has been made on any assets of the Group.



As at 31st December, 2000, the Group had outstanding bank overdrafts of approximately HK\$231,000, and bills payable of approximately HK\$327,000, both of which are repayable within one year.

Save as disclosed above, there were no other borrowings outstanding as at 31st December, 2000.

With cash and other current assets at 31st December, 2000 of HK\$166 million as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Net asset value

The net asset value of the Group at 31st December, 2000 was HK\$0.69 per share based on the actual number of 285,931,607 shares in issue at that date.

Major customers and suppliers

The Directors believe that the five largest customers of the Group accounted for less than 30% by value of the Group's total turnover of the year.

The Directors believe that the five largest suppliers of the Group accounted for approximately 73%, of which approximately 40% was attributable to the largest supplier, by value of the Group's total purchases of the year.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

FUTURE PLAN & PROSPECT

With available funds in hand, the Group continues to seek carefully and prudently for investment opportunities, especially in investments related to the businesses of the Group. The Directors are confident to ensure that all investments are made in the best interests of the shareholders and are prudently optimistic that the results of the Group will be improved in 2001.

APPRECIATION

Finally, I would like to take this opportunity to thank all my fellow Directors and the staff for their contribution and cordial support during the year.

On behalf of the Board

Poon Siu Chung
Chairman & Managing Director

Hong Kong, 9th April, 2001