

CHAIRMAN'S STATEMENT



2000/2001 was a particular challenging year. Notwithstanding the competitive environment of the packaging printing industry and the slowdown in the economic recovery, the Group continued to achieve steady growth through the expansion into the overseas market. A review of the Group's performance during the year under review is set out in the section headed Management Discussion and Analysis.

A final dividend of HK1.5 cents per share will be recommended for shareholders' approval at the forthcoming Annual General Meeting to be held on 24th August, 2001. Together with the interim dividend of HK2.0 cents paid on 23rd December, 2000, the total dividend per share for the full year will be HK3.5 cents.

The Directors believe the Group is in a solid position to meet the continued growth in demand from its customers. In connection therewith, the

Group has laid down detailed plans to expand its production capacity, to acquire modern machinery and to update its printing and converting technology.

The Group has acquired and installed two new six-colour offset printing machines during the year under review to alleviate the capacity constraint problem. These new machines have enabled the Group to increase production capacity, thereby reducing the amount of sub-contracting works that were previously carried out by its sub-contractors. The reduction in such sub-contracting works, the Directors believe, will improve the profit margin of the products of the Group and enable the Group to better monitor and control the quality of its products.

To cater for the longer term development of the Group, the Directors have also decided to further increase the Group's production facilities in the PRC. The second phase expansion of the plant in Shanghai was completed in accordance with schedule in March 2001 and added a new factory building with a gross floor area of approximately 85,000 square feet to the Group. Instead of the redeveloping of one of the existing factory buildings in Dongguan as previously planned, the Group acquired in February 2001 a plot of land within a short distance from the existing plant for future development. The first phase construction of warehouse and factory buildings on the recently acquired plot of land has already commenced and the warehouse and factory buildings, which will have a total gross floor area of approximately 290,000 square feet, are scheduled to be completed in early 2002. The Directors are confident that the expanded production facilities resulted from the completion of these buildings will better position the Group to expand into the PRC market and to further improve the competitiveness of the Group for further growth.

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I would like to take this opportunity to extend our gratitude to the Group's management team and our dedicated staff for their hard work and contributions during the year under review. On behalf of the Board, I would also like to express our sincere thanks to the shareholders of the Company for their continued support.

So Chau Yim Ping

Chairman and Managing Director

Hong Kong, 23rd July, 2001