

Chairman's Statement

On behalf of the Board of Directors, I am pleased to announce the consolidated audited results of the Company for the year ended 31st December 2001.

While the year under review was very difficult over-all, the fourth quarter, despite the September 11 attacks in the U.S., saw a rebound in our business that made up for some lost ground and bode well for our 2002 performance.

RESULTS

For the year under review, the Group's turnover was HK\$205,510,000 compared with HK\$241,130,000 in 2000. Net loss after taxation was HK\$10,690,434, representing a decline of 327% from that of last year. (Loss)/earnings per share was (HK¢5.4 cents) compared with HK¢2.4 cents the previous year.

DIVIDENDS

No interim dividend was paid during the year. The Directors do not recommend the payment of a final dividend for the year ended 31st December 2001 (2000: HK¢1 cent).

BUSINESS AND OPERATIONS REVIEW

Our most significant accomplishments during 2001 included initiating an internal audit of our financial, production and material control processes. We also undertook a thorough review of our factory systems and controls and made the necessary adjustments to lower costs and improve productivity. All financial and management controls were centralized in Hong Kong. This enables our four divisions in China to focus exclusively on manufacturing and product development.

Appropriate actions including stringent cost controls and implement strict control on all key functions were taken during the year and the Group will realize the benefits of this action during 2002. The Group will also benefit from the cost savings associated with the reorganization of the financial, production and material control processes and improvements in our warehouse operations where we prudently lowered the inventory stock. One major result of these activities is a decrease in costs that enables the Group to be more competitive in bidding for new business.

During the year, we made a major investment in recycling equipment that dramatically decreased the amount of waste generated from our manufacturing processes and improved our manufacturing efficiency by about 50%. We have converted to use lead-free plastics exclusively which enhanced the fundamental quality of our customer's products by making use of environmental friendly materials.

The sale of AC power supply cords were about 64% of the Group's turnover. High quality cables and wires are basic necessities that will always be in demand. Sales of wire harness and cable wires were about 22% and 14% respectively.

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FUTURE AND PROSPECTS

Looking ahead, our greatest opportunities include increased globalization of our manufacturing operations, improvements in our current models and the development of new products, and continuing investment in research and development.

To increase flexibility, reduce costs and develop high value-added products, the Group has adopted a vertical integration approach to our operations. Ultimately we plan to institute horizontal integration to provide for growth opportunities.

We will continue to be selective when seeking new business. We want to work within our production capacity to ensure that our products are of the highest quality. Thus we prefer to supply large multinationals who demand quality rather than try to fulfill the requirements of many small customers who may be more concerned with price.

We will grow the business prudently by developing new efficiencies that increase productivity while at the same time maintaining the highest standards of quality. Because of our investment in quality control, the Group has earned a worldwide reputation as a quality leader. Indeed, several of our customers have bestowed "preferred supplier" awards upon the Group. We pledge to continue to earn this recognition.

In the long term, we plan to open more factories in China and other ASEAN countries to increase production capacity and further globalize our operations.

OUR PEOPLE

The Group's success in achieving its goals is due to the hard work and dedication of its employees, our most important asset, and we encourage a team spirit throughout the organization. To continually improve their skills and enhance career development, we provide education and training programs to improve communications and management skills. We initiated various in-house training programs during the year including English classes and computer training for our Chinese managers. We recognize that to be a global player, our people should be of the highest caliber and equipped with the tools to make them successful. Each year several employees are selected from both Hong Kong and China for training overseas.

CORPORATE CITIZENSHIP

The Group believes strongly in being a good corporate citizen. We place high value on integrity in everything we do. In addition to our concern with employee development and well-being, we also promote workplace safety and security. The Group is also concerned with the welfare of the community and provides modest financial support to not for profit social welfare organizations.

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ACKNOWLEDGEMENT

I would like to express my appreciation to our shareholders and business clients for their continuous support and to our employees for their hard work and dedication.

I also want to welcome our new Executive Director, Ms LI Man Wai, who is responsible for finance and administration.

Mon Chung Hung

Chairman

Hong Kong, 26th March 2002