



CHAIRMAN'S STATEMENT





BUSINESS REVIEW AND PROSPECTS

Although a marked slowdown was anticipated for 2001, the unexpected "911 Event" significantly affected the Group's sales and shipments for the last quarter of 2001. Consequently, for the year ended December 31, 2001, the Group's audited consolidated turnover and net profit were approximately HK\$758.34 million and HK\$62.98 million respectively, representing decreases of 18% and 41% respectively compared with last year.

Nevertheless, due to the healthy financial situation of the Group and its optimism for the future, the Board has resolved to recommend a final dividend of 2.0 cents and a special dividend of 5.0 cents at the forthcoming annual general meeting. Together with the interim dividend of 2.5 cents per share and special dividend of 2.5 cents per share paid during the year, the total dividends for the year under review will be 12.0 cents per share.

Furthermore, the Board has seen that our major markets have already started to recover by the very end of 2001 and have continued to do so for the following major reasons: Firstly, the strong international competitiveness of the Asian and China textile industry in terms of price, quality and delivery; Secondly, the recent accession of China into the World Trade Organization ("WTO") and thus providing our customers with confidence and incentive to expand and to further upgrade their production machinery; And lastly, the continued low interest rate environment for capital investments.

Given the above scenario, the Group remains optimistic for the foreseeable future and expects to provide better results in the coming year. In addition, the Group is committed to continuing lowering costs, increasing performance in the operations, and accelerating the pace of product development in order for us to be prepared for the vast opportunities brought about by the accession of China into the WTO.

APPRECIATION

Lastly, on behalf of the Board and the senior management, I would like to express my sincere gratitude to all our shareholders, customers, staff members, bankers and business associates for their continuing supports.

Fong Sou Lam

Chairman

Hong Kong, April 15, 2002