

Chairman's Statement

Dear Shareholders,

Following the streamlining of our core operations and the discontinuation of the non-core and non-performing businesses within the Company and its subsidiaries (the "Group") during the



previous years, the Group survived the unprecedented economic storm and has become even stronger.

The Group achieved a net profit attributable to shareholders of approximately HK\$20 million for the year ended 31 December 2001, an increase of 3.2 times over the last year. Turnover for the year under review amounted to about HK\$187.1 million, representing an increase of 10.7% over the last corresponding year. The return on shareholders' equity increased from 1.28% for the year ended 31 December 2000 to 5.1% for the corresponding year of 2001. Our core business of steel cord manufacturing was the principal profit contributor for this year.

If 2001 was a year of relief for the Group as we came out of an economic recession performing better than the past; the coming years would be truly years of enlightenment. I deeply believe there will be further rebound when the Group further develops its core businesses through the expansion of production capacity and the establishment of distribution network in the mainland. In addition to the above, we will capture any opportunity ahead to get good returns but in a conscientious approach.

Finally, on behalf of the Group, I would like to extend my heartfelt thanks to you, our staff, partners and all parties who have rendered their long-term support and contribution to the Group.

By order of the Board

Cao Zhong

Chairman

Hong Kong

22 April 2002