



FINANCIAL REVIEW

The Group achieved a turnover of US\$127,838,000 for the year ended 31st December, 2001. Compared to 2000, the sales amount in 2001 decreased by US\$44,840,000 or 26% lower.

The Group's profit attributable to shareholders decreased by 54% from US\$16,371,000 to US\$7,511,000 correspondingly. Meanwhile net profit margin decreased from 9.48% in 2000 to 5.88% in 2001.

The basic earnings per share decreased from 2.18 US cents to 1 US cent. Net assets of the Group decreased from 16 US cents per share to 14 US cents per share.

The Board proposes a final dividend of 1 Hong Kong cent per share for the year ended 31st

December, 2001. Subject to approval at the forthcoming annual general meeting, the final dividends will be paid to shareholders whose names appear on the Register of Members on 23rd May, 2002. Together with an interim dividend of 1 Hong Kong cent per share, the total dividend for the year will be 2 Hong Kong cents per share. Dividend warrants, when approved, will be sent to the shareholders on or before 30th May, 2002.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its business needs with internal cash flows. Total assets as at 31st December, 2001 amounted to US\$151,809,000, 7% or US\$11,310,000 lower than 2000. Meanwhile, shareholders' funds decreased by 9% or US\$9,959,000 to US\$103,138,000. The ratio of total borrowings to shareholders' funds



remained at a comfortable level of approximately 28%. As at 31st December, 2001, the Group had a very robust liquidity position as revealed by a current ratio of 1.52 times. There is no charge on the fixed assets of the Group.

On 31st May, 2001, the Company has entered into a Sale and Purchase Agreement for the repurchase of all 150 outstanding convertible non-voting preference shares ("CP Shares") with the CP Shares subscriber on 31st May, 2001 by way of an off-market repurchase at the full face value in the aggregate principal amount of US\$15 million. The repurchase was completed on 28th June, 2001. The repurchase was financed by the Company's banking facilities and internal cash flow. The Directors are of a view that the repurchase of CP Shares at their full face value prior to their maturity date on 14th September, 2001 is fair and reasonable and

in the interest of the Company and its shareholders. The repurchase did not have material adverse effect on the business or financial condition of the Group.

CAPITAL EXPENDITURE

During the year, the Group invested US\$ 3,146,000 in fixed assets, of which 21% was used for the construction of water treatment plant and the fire safety engineering within the plant and the remaining 66% for the purchases of additional plant and machinery.

RESIGNATION OF DIRECTOR

Mr. John Hamilton McLean resigned as independent non-executive director of the Company on 28th June, 2001. The Board of Directors thank Mr. McLean for his contribution to the Group in the past.