



## Chairman's Statement



The slow down of world economy since the end of 2000, the recession of electronic business and the Sept-11 attack in the United States all badly hit the demand for consumer products during the year under review. In addition, a large proportion of the Group's turnover was contributed by products of labour intensive processing and low technology skill. The

market of these products was highly competitive. The Group was operating in a difficult economic environment. To overcome the problem, the management of the Group has implemented appropriate measures to mitigate the loss on the one hand, and restructured the organization and product mix of the Group on the other hand.

The Group has substantial cash holding at the end of 2001 through successful reduction of stock level and overhead expenses. Besides effort paid on development of new products, the Group will consistently endeavour to streamline overhead expenses and minimize the stock level in 2002. The improvement of cashflow through acceleration of production cycle will facilitate the Group to explore/develop new investment with high profit growth potential.

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend our gratitude and sincere appreciation to all management and staff for their hard work and dedication throughout the year.

**Cao Zhong**  
*Chairman*

Hong Kong, 22 April 2002