

During the year, the Group continued to focus on the manufacture and sale of mould bases and trading of special mould steel and related products.

The Group's turnover in 2002 was approximately HK\$929 million, which represented a decrease of 5.78% when compared with approximately HK\$986 million in 2001. Net profit for the year of 2002 was about HK\$72 million, which represented a decrease of 44.46% compared with approximately HK\$130 million in 2001. Earnings per share was HK14.90 cents, which represented a decrease of 44.69% when compared with HK26.94 cents in 2001.

MOULD BASE MANUFACTURING AND MARKETING

The Group business in China has still shown steady development. Plants situated in the southern region of China have maintained continued growth in volume. However, due to keen market competition, turnover and profit margins for the Group's products continue to be depressed. Business development in the eastern region of China has been encouraging. Turnover and profits of the Shanghai, PRC plant has recorded steady growth.

Owing to the stagnant economy in South East Asia, with poor domestic consumption, the development of overseas markets was maintained as last year. The performance of both the Singapore and Malaysia businesses were unsatisfactory. Despite the difficult business environment, the Japanese business has achieved significant progress, with an increase in sales volume and gradual improvement in its operations. Furthermore, the Taiwan business proceeded on the right track, with increases in volume and turnover, in line with the Group's overseas market strategy.

The mould parts business, which includes mould parts and hot runner mould system, has recorded steady growth, which contributed a reliable source of income to the Group.

TRADING OF MOULD STEEL

For the business of trading of import mould steel, due to the prevailing keen market competition whereas the selling price of steel maintained the same in return, the result is far below the Group's expectation.

LIQUIDITY AND CAPITAL RESOURCES

As at 31st March, 2002, the Group had a net cash surplus of approximately HK\$16 million, compared with approximately HK\$79 million in 2001. Most of the cash balance was placed in HKD and USD short term deposits with major banks in Hong Kong.

The Group adopted conservative measures to hedge any exchange fluctuation and incurred approximately HK\$2 million losses on foreign exchange during the year.

As at 31st March, 2002, the Group had capital commitments of approximately HK\$13 million in respect of the acquisition of property, plant and equipment, which are financed by internal resources.

GEARING RATIO

Total debts were approximately HK\$361 million, equal to approximately 52% of shareholders' funds of approximately HK\$701 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2002, the Group employed a total of approximately 4,500 employees, including approximately 4,100 employees in its PRC production sites and approximately 400 employees in Hong Kong and other countries. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

CONTINGENT LIABILITIES

The Company gave guarantees of approximately HK\$133 million to financial institutions in respect of banking facilities granted to subsidiaries.