

## CHAIRMAN'S STATEMENT

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With the global economic slowdown aggravated by the 11th September incident in the U.S., 2001/2002 turned out to be a difficult year. A review of the Group's performance is set out in the section headed Management Discussion and Analysis. While an interim dividend of HK1.0 cent was paid on 7th January, 2002, no final dividend for the year under review is recommended.

Although the short term performance of the Group has been adversely affected by the poor economic conditions, we remain optimistic about the long term prospects of the Group particularly in view of the new business opportunities that are expected to arise following the accession of China to the World Trade Organisation. The accession of China to the World Trade Organisation is expected to have a long term positive impact on the economic development in China and to further stimulate the trading activities between China and the rest of the world. This, in turn, is expected to further

stimulate the growth in demand for packaging printing products. To better position the Group to meet such expected growth in demand, the Group has embarked on an expansion programme to further develop its production facilities in the PRC.

In February 2001, the Group acquired a plot of land within a short distance from its existing plant in Dongguan. The first phase of construction of warehouses and factory buildings with a total gross floor area of approximately 280,000 square feet on this plot of land was completed in April 2002. The Group is currently in the process of relocating the production unit in its Yuen Long plant in Hong Kong to these new premises in Dongguan. To minimise any disruption in production, the relocation process is being carried out in phases and is expected to be completed by October 2002. We are confident that the Group will be able to improve its cost efficiencies and achieve substantial cost savings as a result of relocation.

Meanwhile, the Group has also acquired a plot of land adjacent to its existing plant in Shanghai. The land will be used for the development of additional production facilities with a total gross floor area of approximately 100,000 square feet. Construction of these additional production facilities is tentatively scheduled for completion by mid-2003.

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Given the expected increase in demand from the PRC market following China's accession to the World Trade Organisation, we believe that the Group's expansion programme to further develop its production facilities in Dongguan and Shanghai will better position it to meet its long term operational requirements and will further improve the competitiveness of the Group for future growth.

Finally, I would like to take this opportunity to extend our gratitude to the dedicated staff of the Group for their hard work and contributions during the year under review. On behalf of the Board, I would also like to express our sincere thanks to the shareholders of the Company for their continued support.

**So Chau Yim Ping**

*Chairman and Managing Director*

Hong Kong, 19th July, 2002