

Chairman's Statement



In the span of four years, Hong Kong has to endure two recessions. China's accession to WTO has not brought us any immediate relief. Corporate pricing power remains weak in the market with deflation and rising unemployment continue to curtail consumer purchasing strength. On top of a depressed economy battered by economic restructure, global economic slump and the unfortunate "911" incident in US have further sour the local market sentiment at large.

To cope with the deteriorating market conditions, we had to re-allocate our resources and rationalize our corporate budget more effectively by means of downsizing along with increasing efficiency. Externally, we had to suspend or reschedule most of the new ventures so as to channel more resources to support our core business. In contrast, our metal operation was less impacted, as its customer base is in China and is less susceptible to slowdown of the western economy.

In the year ahead, the Group will continue to keep a tight budget while trying to explore more promising business opportunities from China to strengthen our core business in Hong Kong. I am confident that the hard work and endurance of our staff and the Board will have positive effect on the Group's performance.

On behalf of the Board, I would like to take this opportunity to express our appreciation and gratitude to all staff for their support, hard work and dedication over the year.

Cheung Yan Lung, CBE, OStJ, JP

Chairman

Hong Kong, 29 August 2002