

OPERATION RESULT

During Year 2002, the world economy has not emerged from low economic growth and poor investors confidence. Nevertheless, our Group achieved satisfactory results. Sales of electrical appliances increased 28.7% compared with that of the previous year.

For the financial year ended 31 December 2002, the Group's consolidated turnover was HK\$559 million compared with HK\$344 million in the previous year, representing an increase of 62.5% in turnover.

Cheung Fung showed a net after-tax operating profit of HK\$13 million for year 2002, after taking write off of non-recurring expenses and provisions for aging receivables. The Group has raised money through project financing to install a new production line (PM3) to manufacture porous wrap paper and the new production facility is expected to be in operation towards the end of 2003. With an annual domestic demand of 30,000 tonnes of porous wrap paper in China, we expect this PM3 line to generate higher sales revenue growth for the Group in late 2003, and we believe Cheung Fung's business would continue to be profitable in 2003.

The Group's net profit during the same period increased 22.7%. For the year under review, the Group's general and administrative expenses has increased 48.0% to HK\$64 million compared with HK\$43 million in the previous year because of consolidated expenses arisen from Cheung Fung re-organization. As a result, we are pleased to announce that our net profit was HK\$47.5 million, representing profit per share of 15.11 cents. (Our net profit in 2001 was HK\$38.7 million, with profit per share of 12.32 cents)

Although the leasing market in Kwun Tong was very competitive in 2002, we have made steady progress in leasing retail and office spaces of 410 Kwun Tong Road. As of 31 December 2002, 38,725 square feet has been leased (26.4% of total retail/office space). As of 23 April 2003, 38.86% of office/retail space has been leased with total gross annual rental income estimated to be around HK\$8 million for year 2003. The Group expects more retail/office space would be leased during 2003.

In accordance with a professional surveyor's valuation, 410 Kwun Tong Road is estimated to be worth HK\$290 million in fair market value.

DIVIDEND

The Board of Directors is recommending the payment of a final dividend of 7 cents per share, making a total payout of 9 cents per share for 2002. (2001 – total of 8 cents per share). The total amount of dividend appropriated, based on the number of shares in issue, is HK\$28,287,072 (2001 – HK\$25,144,064)

業績概要

二零零二年，世界經濟仍未走出發展緩慢及投資者缺乏信心的困境。但本集團還是取得了令人滿意的業績。本集團電器銷售額與上一年相比增加了百分之二十八點七。

截止二零零二年十二月三十一日財政年度，本集團綜合營業額為港元五億五千九百萬元，與上年度的港元三億四千四百萬元相比，增長了百分之六十二點五。

二零零二年度，本集團控股的祥豐科技(集團)有限公司(「祥豐」)，在扣除非經常性開支及應收賬項之呆賬撥備後，其稅後純利達到港元一千三百萬元。本集團還通過項目融資的方式籌集資金安裝了一條新的高透氣嘴棒成形紙生產線(PM3)，預計於二零零三年底投入使用。國內高透氣嘴棒成形紙的年需求量为三萬噸，預計PM3生產線使本集團二零零三年後期的銷售收入產生更高的增幅。我們相信祥豐在二零零三年仍保持有盈利。

本集團同期純利上升百分之二十二點七。由於祥豐重組，本集團在本年度的總務及行政費用為港元六千四百萬元，與上年度的港元四千三百萬元相比上升百分之四十八。本集團本年度的綜合純利達到港元四千七百五十萬元，每股獲利十五點一一仙。(二零零一年度本集團純利為港元三千八百七十萬元，每股獲利十二點三二仙)。

雖然官塘的租賃行業競爭非常激烈，但官塘道410號的租賃業務仍取得了穩定的進展。截止二零零二年十二月三十一日，已租出面積三萬八千七百二十五平方呎。截止二零零三年四月二十三日，百分之三十八點八六的辦公室和商業單位現已租出。二零零三年全年租金收入估計約港元八百萬元。本集團預計二零零三年度內將會有更多的辦公室和商業單位租出。

依據專業測量師評估，官塘道410號按合理市價評估，價值港元二億九千萬。

股息

董事局建議末期股息為每股港元七仙，所以二零零二年度總股息為每股港元九仙(二零零一年總股息—每股港元八仙)。根據以上發佈的數字，本年度股息總額為港元二千八百二十八萬七千零七十二元(二零零一年為港元二千五百一十四萬四千零六十四元)。

The transfer of book and register of member will be closed from 2 June 2003 to 6 June 2003, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the final dividend, lodging of all transfers accompanied by the relevant share certificates must not be later than 4:00 p.m. on 30 May 2003. The final dividend is payable on 18 June 2003 to members on register on 6 June 2003.

FINANCIAL POSITION

The liquidity position of the Group has become less satisfactory because of cash used to purchase two new paper production lines, and to expand NanSha factory production capacity. The current ratio was 0.7 as of 31 December 2002, against 1.1 as of 31 December 2001. We expect our liquidity position to improve in 2003 when new production facilities begin operation.

During the year, the Group's Accounts Receivables turnover stood at 58 days in year 2002, compared with 50 days of the previous year. The inventory turnover decreased from 95 days in year 2001 to 82 days in year 2002.

Bank balances and cash were HK\$118 million as of 31 December 2002, representing an increase of HK\$68 million over that of the previous year. The change was mainly due to combination of the Company's and Cheung Fung's cash balances.

Total bank borrowings amounted to HK\$399 million as of 31 December 2002, representing an increase of HK\$321 million over that of the previous year. The change was mainly due to increase in bank borrowings for Cheung Fung's new paper production lines and NanSha production facilities expansion.

The Group's debt-asset ratio stood at 33% as of 31 December 2002, compared to 26% as of 31 December 2001.

FUTURE PROSPECTS

The Group is moving forward with full confidence. The core business of the Group remains focus on small appliances manufacturing. The Group has started shipment of new products to new customers based in Japan, the United States and Europe. Partnership with these new customers will alleviate concentration of business from our current major customers. We expect our turnover again posts double digit growth in 2003.

Apart from the expected sales growth from small appliances manufacturing, rental income from 410 Kwun Tong Road would make a significant contribution in 2003, and boosts the Group's total net income.

Several new innovative patented products are in full production from the second half of year 2002 to early 2003, and these new products have already made substantial contribution to our turnover and profit respectively. The Group will continue its effort to develop and file patents for new innovative products.

本公司將於二零零三年六月二日至二零零三年六月六日（包括首尾兩天）暫停辦理登記過戶手續。如欲收取末期股息，所有過戶文件連同有關股票需不遲於二零零三年五月三十日下午四時前送抵過戶處。末期股息將於二零零三年六月十八日派發予於二零零三年六月六日登記在名冊上之股東。

財政狀況

由於購進兩條煙紙生產線及擴大南沙的生產設施，本集團的資金流動不如以前。截止二零零二年十二月三十一日資金流動率為零點七，二零零二年十二月三十一日則為一點一。預計新的生產設施投運之後會改善二零零三年的資金流動狀況。

本集團二零零二年度的應收賬項周轉期為五十八天，上一年度為五十天。庫存周轉期從二零零一年度的九十五天減少到二零零二年度的八十二天。

截止二零零二年十二月三十一日，銀行現金餘額為港元一億一千八百萬元，比上年度增加了港元六千八百萬元。主要原因是本公司及祥豐的合併。

截止二零零二年十二月三十一日，銀行貸款總額為港元三億九千九百萬元，比上年度增加港元三億二千一百萬元。主要原因是祥豐增加新設備及擴建南沙廠房。

截止二零零二年十二月三十一日，本集團的負債與資產比率為百分之三十三，而二零零一年十二月三十一日為百分之二十六。

前景

本集團對發展前景充滿信心。主要業務仍集中於小家電生產。目前已有新產品出貨往在日本、美國及歐洲的新客戶。與這些新客戶的合作有助於減低客戶過分集中帶來的風險。本集團預計在二零零三年小家電的營業額將再次有雙位數字的增長。

除小家電生產盈利預期增長外，官塘道410號的租金收入將會在二零零三年作出重大貢獻，進一步增加本集團的收入。

由二零零二年下半年至二零零三年初，我們已有數個全新的專利產品全面投入生產，這些新產品已增加了本集團的營業額及盈利。本集團將繼續努力開發更多的專利產品。

STAFF

The Group currently employs approximately 70 Hong Kong staff members and operates a defined contribution pension scheme. Our factory in China employs about 300 staff members, and workers employed varied from 4,000 persons during the year.

On behalf of the Board, I would like to extend the Board's appreciation to all our staff for their hard work and dedication throughout the year.

PURCHASE, SALE OR REDEMPTION OF OUR SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

By Order of the Board



Wilson Wong Kin Lae
Chairman

Hong Kong, 23 April 2003

職員

本集團現於香港僱用約七十名職員，並提供一項退休金計劃，在中國聘用職員約三百名。本年度僱用工人數目約為四千人。

本人謹代表董事會對所有員工在過去一年勤奮及作出之貢獻表示謝意。

購買、出售或贖回本公司股份

於本年度，本公司或其任何附屬公司概無購買、出售或贖回任何本公司之股份。

承董事會命



黃乾利

主席

香港，二零零三年四月二十三日