

CHAIRMAN'S STATEMENT

I present on behalf of the Board of Directors the Annual Report of the Company for the year ended 31st December, 2002.

Results

The global business environment remained challenging in 2002 in light of the uncertain international political and economic situation. In the Group's dominant markets of USA and Europe, demand for household and consumer products continued to be sluggish. Competition was more severe than the previous year in view of the depressed market and excessive production capacities. Pressure on selling prices eroded marginal profitability. Despite this difficult environment, turnover of the Group for the year ended 31st December, 2002 rose to HK\$1,019,928,764 from HK\$997,068,658 last year, representing a slight increase of approximately 2.29%. Net profit attributable to shareholders for the year reduced to HK\$1,323,201 compared with HK\$6,024,252 in 2001. Earnings per share also reduced to HK0.277 Cent from HK1.26 Cents of last year. The profit decline was mainly due to a loss in operations from non wholly-owned subsidiaries and an unrealised holding loss on investments during the year.

Final Dividend

The Board has resolved to recommend a final dividend of HK1 cent per share (2001: HK1 cent) for the year ended 31st December, 2002 to be paid on 5th June, 2003 to shareholders whose names appear on the register of members of the Company on 16th May, 2003 subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend had been resolved in respect of the current financial year (2001: HK1 cent).

Closure of Register

The register of members is closed from 12th May, 2003 to 16th May, 2003 both days inclusive, during

which period no transfers of shares will be effected. In order to qualify for the 2002 final dividend, share certificates with completed transfer form either overleaf or separately, must be lodged with the Company's branch registrars in Hong Kong, Secretaries Limited, G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Hong Kong not later than 4:00p.m. on 9th May, 2003.

Operations Review and Prospects

Turnover generated from other manufacturing during the year accounted for HK\$759.45 million, representing an increase of 7.26% compared with HK\$708.04 million in 2001. Turnover generated from trading and household products manufacturing decreased 13.88% and 4.69% to HK\$123.63 million and HK\$136.84 million respectively. Segment results for other manufacturing declined 12.51% to HK\$44.21 million. Segment results for trading and household products manufacturing also declined 24.00% and 8.97% to HK\$5.50 million and HK\$44.67 million respectively.

Bigfield Goldenford Holdings Limited

Bigfield Goldenford Holdings Limited, a 62.50% subsidiary of the Group, recorded a turnover of approximately HK\$747,803,000, an increase of 7.34% from that of the previous year. Net loss for the period amounted to approximately HK\$557,900 when compared with a profit of HK\$814,000 in 2001. The loss was primarily attributable to trading conditions but included an incidental loss relating to a fire incident at a factory in September of approximately HK\$4,345,000. The management will continue to implement stringent control over expenses through rationalization of its processes and system re-engineering aiming to enhance operational efficiency and to maintain relatively low operating costs in 2003. It is expected that this subsidiary will restore its respectable contribution to the Group.

CHAIRMAN'S STATEMENT

Frankie Dominion (Holdings) Limited

Operating profit remained stable in 2002 despite a drop of 8.57% in sales amounting to approximately HK\$301,883,000 from HK\$330,171,000 for 2001. The management expects development in its sales and marketing network in Mainland China will enable continuation of steady growth with stable contribution to the Group in 2003.

Outlook

The outcome of the US-led war against Iraq will bear a significant influence on the global economy. Given general economic and political circumstances, 2003 is likely to be another challenging year. The directors believe that the Group will be able to surmount its challenging environment and to deliver respectable results from its core business of manufacture and sale of household products through continuous efforts and intensification of its activities in overheads control, cost reduction and marketing. The directors are confident that the outlook for the Group is still promising.

Audit Committee

The Audit Committee has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the consolidated financial statements of the Group and the auditors' report for the year ended 31st December, 2002.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to our customers and business associates for their loyal patronage and support through the years and, in particular, to the employees for their dedication in this period of transition.

Lam Po Kwai, Frankie

Chairman

Hong Kong, 22nd April, 2003