

I am pleased to present the annual results of Tak Shun Technology Group Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2002.

FINANCIAL REVIEW

During the year ended 31 December 2002, the Group's turnover amounted to approximately HK\$503 million, representing an increase of 13.9% in comparison with HK\$441 million of last year. Net profit from ordinary activities attributable to shareholders increased to approximately HK\$62 million, showing an increase of 24.5% against prior year. Despite the persistent downturn of the global economy, which caused various degree of impact to different industries, the Group nevertheless managed to record a growth in profit and the result was encouraging.

DIVIDEND

The Board of Directors recommends a final dividend of 0.8 HK cents per share for the year ended 31 December 2002.

BUSINESS REVIEW

The Company was listed on the Main Board of The Hong Kong Stock Exchange Limited for one and a half years while the business development and results were on the same track as planned at the time of the listing. The Group succeeded to obtain satisfactory development. During the year under review, the Group's business managed to grow stably amidst the sluggish economy due to a number of measures: the implementation of comprehensive and stringent cost control; further expansion of our client base; and the enhancement of our research and development capabilities. The Group is dedicated to render the clients with high quality products and reasonable pricing.

The Group specialized in the design, manufacture and sales of calculators and other electronic products under the brand names of KADIO and TAKSUN. In order to fully utilize our production facilities and resources, we started to develop desktop telephone and multi-functional watches during the year, which could lead to product diversification and to enlarge our income sources.

India and Asian countries are the major markets of the Group. The demand of electronic products from these countries was relatively high due to the huge population. The exploration of these markets facilitated the Group to grasp enormous business opportunities. The sales contribution from India and Asian countries accounted for approximately 56% of the Group's turnover.

We successfully launched the ISA calculators, which were designed to target the high-end market, during the year ended 31 December 2002. The market response was satisfactory and we expected that the product could bring forth profits in two to three years.

We started the investment in the construction of new factory premises and an office building since 2001, in a bid to further raise our productivity and to expand the market. Apart from the investment in factory premises and office building, approximately HK\$10 million was planned for the purchase

of new products production lines. The investment in the production line specialized for the supertwisted nematic-liquid crystal displays ("STN-LCDs") is expected to be approximately HK\$30 million. The progress of the construction of new factory premises and office building was in line with the proposed schedule and was expected to finish by June 2003.

We implemented the accountability and cost analysis system last year in our factory. The production process was divided into 9 phases and staff members would work according to the stipulated standard. This system could improve efficiency and bring in positive competition which could effectively enhance our operation efficiency.

PROSPECTS

Looking ahead, we will capitalize on our inherent experience and advantages to strengthen the production techniques aggressively, as well as to improve the production capabilities of calculators and other electronic products. In view of the ever-intensifying market competition of electronic products, we will continue to improve the product quality and to diversify our product range. To this end, the Group has already invested in the development of desktop telephones and multi-functional watches.

Our future strategy to obtain profit growth lies on the development of telephones, watches, STN-LCDs, etc. We endeavor to excel among other competitors by our distinguished quality, design and pricing.

On the other hand, we will aggressively explore markets. The European market has progressively been established with the Group's Euro converters, while our own brand names, KADIO and TAKSUN, have successfully opened up the Eastern European and Russian markets. Leverage on the Group's advantages and brand awareness, we are dedicated to further consolidate our reputation and expand our market share.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to the management and staff members for their dedication and contribution during the year. Moreover, I would like to take this opportunity to thank all our shareholders and suppliers for their kind support. The Group is committed to continue the development of diversified electronic products business and to render our shareholders with satisfactory results.

Lam Ping Kei

Chairman

24 April 2003