

## Chairman's Statement ▶

Dear Shareholders,

I was pleased to announce that the Group continued to have a stable growth and recorded a satisfactory achievement as a result of our diligence despite the difficult economic circumstances throughout the year.

For the year ended 31 December 2002, our Group reported a net profit attributable to shareholders of HK\$42,283,000, an increase of 110.8% when compared to the corresponding net profit of HK\$20,061,000 for the year ended 31 December 2001. Turnover increased by 25.5% from HK\$187,139,000 for the year ended 31 December 2001 to HK\$234,891,000 for the year under review. The return on average shareholders' equity increased from 5.1% for the year ended 31 December 2001 to 10.1% for the corresponding year of 2002. Our much improved performance came from the outstanding achievement in both turnover and net profit attributed from our core business of the manufacturing of steel cord.

The outlook of weak economic performance for Hong Kong due to the continuing deflation and local structural adjustments, the uncertainty due to geopolitical issues like the threat of disruption from war and terrorism remains and its impact on the global economy will continue to stifle domestic growth. Undoubtedly 2003 will be a very challenging year, however, we have already well-positioned in advance to develop our main core businesses in Mainland China. Thus, paving the road for the Group to enjoy growth at the back of an incessant surge in gross domestic product in Mainland China, we have confidence in our long term future and maintaining satisfactory return to you but with a commitment of operating our business in a pragmatic and cautious manner.

Finally, on behalf of the board of directors (the "Board"), I would like to express my sincerely appreciation for your encouragement and support and to all of those who worked hard and made contribution to the Group during the year.

By Order of the Board

**Cao Zhong**

*Chairman*

Hong Kong

16 April 2003