



This past year, the Company implemented a series of reorganization in the property and electronic manufacturing segments, upon completing its extension of businesses from manufacturing operation to also include properties investment and development. After such efforts, the Company's land property projects in Liu Wan and Guangzhou are well positioned to be launched, and expected to generate remarkable proceeds during fiscal 2004 or early 2005. The Company continues to restructure the electronic manufacturing division, with more advancement to be expected in the next year.

Liu Wan Project

Our subsidiary Shenzhen Liu Wan Industry Development Company Limited has undertaken a land property project, tentatively named "South Sea Yitian", situated at Dongjautou, Nansun, Shekou, Shenzhen and located near the "Western Corridor" linking up Shenzhen and Hong Kong. It enjoys a 270 degrees panoramic view of Shenzhen Bay and also overlooks Yuen Long and Tin Shui Wai, Hong Kong. This project involves a site area of approximately 312,000 sq.m., with floor area of about 1.1 million sq.m.. South Sea Yitian will be developed as a luxury seaside resort for 25,000 people, integrating luxury residential apartments, office buildings, banks, schools and hospitals as well as other public facilities. Geographically well positioned, with a seaside setting, and the innovative concept of "Panoramic Mini City", this development is expected to attract not only the affluent Shenzhen locals, but also will be a prime selection for the people of Hong Kong to invest in Shenzhen property.

The detailed urban planning design of this project has been approved by the government authority, and development will proceed in five phases. The first phase construction design, which involves floor area of approximately 170,000 sq.m., has been completed by a renowned French design firm which was selected through a public tender. Government approval of the construction project conceptual design is in progress. Comprehensive construction work is expected to begin by the end of 2003, and this project will generate remarkable proceeds for the Company by 2004.

Guangzhou Project

The development project in Guangzhou, which the Company owns 49% equity interest and the remaining 51% equity interest is owned by its holding company, is located at Huadu District, near the new international airport and has approximately 620,000 sq.m. with total floor area of 1.08 million sq.m., for 26,000 people. It will be developed as a low-density, low-capacity, integrating cultural recreations, commercial, and other living amenities, to be established an oversized international contemporary commercial and residential community.

The detailed urban planning design of this project has been approved by the government authority. The approval procedures for the construction project conceptual design will soon be completed. Comprehensive construction work for the first phase is expected to begin early 2004.

Management

To achieve stable long-term development in the property division, the Company reorganized the management team last year by recruiting international property investment and management professionals, to lead a more professional, standardized and efficient operation. The Company believes that the new management team will be the key driving force to achieve rapid development in the property business division.

Electronic Manufacturing Business

The Company continues to reorganize its subsidiary, Team Concepts Manufacturing Limited, responsible for electronic manufacturing. Through development of new products and expansion of its marketing force, and the Company's implementation of cost reduction efforts, the operation of Team Concepts Manufacturing Limited has entered a stable development phase.



Future Prospect

Following China's entry into WTO, demand for real estate properties in China will rise, particularly in the middle to upper class residential sector. The market will grow more active and prices will gradually increase. As construction costs lower, and land prices gradually rise, the property market environment will be favorable to the Company, which has land reserves in high-growth rate cities such as Shenzhen and Guangzhou. On the other hand, as the restrictions loosen in China's property development, financial and insurance industries; laws and regulations become increasingly congruent to international legal practices; and the overall investment environment improves, macro condition for foreign investments to develop land properties in China will improve as well. With the opportunities that have come about upon China's entry into WTO, the Company will complete the current projects and further explore other prime land development opportunities.

In the coming year, the Company will proceed with overall development of land projects in Shenzhen and Guangzhou, which will generate cash flow and profitable returns. It will also complete the restructure of Team Concepts Manufacturing Limited, to increase customer base and be better positioned for future success.

I would like to thank all shareholders for your confidence in our management, and sincerely look forward to your continuous support in the future.

Yu Pun Hoi
Chairman

Hong Kong, 30 July 2003