

CHAIRMAN'S STATEMENT

I present on behalf of the Board of Directors the Annual Report of the Company for the year ended 31st December, 2003.

Results

2003 was a challenging year because of persistent pressure on order prices and fierce market competition. The profit margins were eroded by intense price cutting as a result of competition. Despite the difficult operating environment, the Group reported solid results in its financial year ended 31st December, 2003. Turnover of the Group for the year showed a slight drop, decreasing by 2.94% to HK\$989,942,000. Net profit attributable to shareholders for the year increased substantially by 699% to HK\$10,572,000. Earnings per share also increased to HK2.21 Cents from HK0.28 Cent of last year. The growth was mainly attributable to the increasing profit contributions derived from wholly-owned subsidiaries of the Company.

Final Dividend

The Board has resolved to recommend a final dividend of HK1 cent per share (2002: HK1 cent) for the year ended 31st December, 2003 to be paid on 4th June, 2004 to shareholders whose names appear on the register of members of the Company on 14th May, 2004 subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend had been paid in respect of the current financial year (2002: Nil).

Closure of Register

The register of members will be closed from 10th May, 2004 to 14th May, 2004 both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the 2003 final dividend, all 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 4:00 p.m. on 7th May, 2004.

Operations Review and Prospects

Turnover generated from other manufacturing, during the year accounted for HK\$699.82 million, representing a decrease of 7.85% compared with HK\$759.45 million in 2002. Turnover generated from trading and household products manufacturing both increased by 17.96% and 5.44% to HK\$145.83 million and HK\$144.29 million respectively. Segment results for other manufacturing declined by 28.25% to HK\$31.72 million. Segment results for trading and household products manufacturing both increased by 18.38% and 7.02% respectively to HK\$6.51 million and HK\$47.81 million respectively.

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Bigfield Goldenford Holdings Limited

Bigfield Goldenford Holdings Limited, a 62.50% subsidiary of the Group, recorded a turnover of approximately HK\$688,051,000, a decrease of 7.99% from that of the previous year. It continued to incur a loss of approximately HK\$5,098,000 in 2003, compared to a loss of approximately HK\$557,900 during the same period in 2002. The loss was primarily attributable to an increase in cost of production and lower profit margin. During the year, the management continued to streamline its operations by implementing stringent disciplines and making immense effort to improve operational efficiency to achieve lower overhead and reduce break-even volume. The management further rationalized the management of the subsidiary's inventories, account receivables and cash flow to strengthen its financial position. It is expected that this subsidiary will restore its profitability in 2004.

Frankie Dominion (Holdings) Limited

Frankie Dominion (Holdings) Limited achieved a steady growth with increased profit contribution to the Group during the period under review. Turnover amounted to approximately HK\$342,265,000 in 2003, an increase of 13.38% compared with the same period in 2002. The management expects that it will maintain a profitable operation of its core business in trading and household products manufacturing in 2004.

Outlook

The Group will continue to focus on its core competency of manufacturing items and further consolidate the production plants into a more effective and streamlined operation and boost efficiencies of its existing production facilities. It will also impose stringent cost control measures to minimize production and operational costs. Economic growth in markets around the world appears to have a reasonably solid footing. Capitalizing on its strong merchandising and marketing experience, the Group will proactively seek further business growth while also seek to enhance shareholder's value.

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, 2003.

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, 16th April, 2004