



Chairman's Statement

This past year has been a year of consolidation for UPI. The world economy has improved and thus the demand for our products. However, our industries remain extremely competitive, principally because there is still surplus capacity resulting in pricing pressure, and raw material prices have risen dramatically. Those two factors have had a detrimental effect on our margins.

UPI continues to move from being an OEM (original equipment manufacturer) of linear adapters to being a provider of electronic / electrical manufacturing services (EMS).

Throughout the last year we have continued to strengthen our management and to build our undoubted strengths in tooling, molding, plastic injection and coil winding that in part gives us the unique position to be a "one-stop shop" for our customers.

We continue to widen our product range and also our customer base. Because we work in the international community our customers require service, quality and price, therefore our focus is to find new ways of lowering our cost base and improving our quality.

In this current year, barring unforeseen circumstances, we expect to produce a greater volume of sales leading to higher revenues and profitability.

On behalf of the Board of Directors, I would like to convey my thanks to all our investors, suppliers, customers and staff for their past and continuing support of our organization, and I look forward to an even better working relationship with them in the next year.

Brian Cyril Beazer
Executive Chairman

Hong Kong
19th July, 2004