Letter
from the Board

During the year under review, the results were disappointed in revenue perspective. The turnover was HK$174.9 million, representing a decrease of 9% over last year. The decrease is mainly due to the implementation of the new production flow proposed by the Japanese consultant that slowed down the new product development. Despite the decrease in sales orders and turnover, the net loss decreased from HK$7.0 million in 2003 to HK$5.7 million this year due to the cost saving program. The decrease in gross profit margin was mainly due to lower capacity utilization which was partly offset by the savings in selling and administrative expenses.

Despite the loss from operation, the Group continued to deliver a positive cash flow and the Group's cash balance remained maintained at a healthy level. The Group's shared profit before tax from the Group's 50 percent-owned associate grew 64% to HK$2.8 million due to the increase in the demand for lenses.

In the coming year, the Group will benefit from the improved production flow to increase the operational efficiency and thus capture the growing optical market. To counteract the increase in costs of oil, raw materials and components, the Group will continue to increase the operational efficiency and implement other cost savings programs in the manufacturing plants and sampling department to reduce the operational cost. The Group is still optimistic about the future and will continue to be a good player in the optical industry.

On behalf of the Board

Tam Wing Kin
Executive Director

Hong Kong, 22 April 2005