

Chairman's Statement

The year under review has been one of many challenges. The world economy has been affected by a substantial rise in raw material prices continuing from our previous financial year. With inflation at low levels in the major world economies the combination of rising raw material prices and a lack of pricing power continue to affect our Company. However, I am pleased to report increased sales and an increased net profit for the year. As you are aware over the last 3 years we have had a net loss for either trading or taxation reasons therefore, it is a pleasure to report a reversal of the previous trend.

Our mission is to provide broad solutions for our customers, whether they are manufacturers or retail clients.

As we have previously stated we intend to move towards ODM (Original Design Manufacturer) and OBM (Own Brand Manufacturer) work while continuing to offer service, quality and price for our traditional customers.

During the course of the financial year, we strengthened our production lines and lowered our cost base, and this is an ongoing process.

It is UPI's expectation, barring unforeseen circumstances, that sales will be higher this year. It is also our intention to increase our profitability in spite of rapidly rising labor rates in China, but such a commitment is subject to our ability to contain our costs in general and raw material prices in particular.

On behalf of the Board of Directors, I would like to thank all of our constituents and associates, whether they are investors, customers or staff for their support of our group. Our continuing teamwork will result in ever-improved relationships in the future.

BRIAN C BEAZER

Chairman

Hong Kong
18th July, 2005