# ENCLOSURE SYSTEMS MANUFACTURING



CERTIFICATE

TÜV

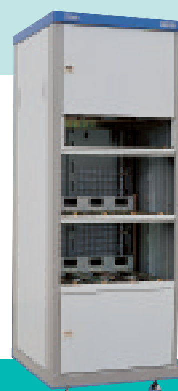
The Certification Body
of TÜV Management Service GmbH

certifies that

VJY TELECOMMUNICATION
EQUIPMENT (SHENZHEN)
CO., LTD.

Design and Production of Control
Box, Metal Processing Parts

ISO 9001 : 2000



3. **Plastics and Machinery Department**

The **engineering plastic resins division** finished an extremely difficult year with turnover reduced over one half and only a marginal net profit was recorded. Due to the weakening demand in consumer products in the US since early 2001, many of our customers had slowed down their production for export, which brought about a substantial drop in both volume and price of plastic resins. The division was further hit by the termination of formal distributorship of GE Plastics ("GE") by mid 2001, following an internal change of GE's sales strategy. Most of the division's major customers are now served directly by GE, which had thus seriously compromised the division's turnover.

Notwithstanding the loss of GE distributorship, the division had aggressively developed other reputable brands of engineering plastic resins such as Mitsubishi and UMG of Japan plus Samsung of Korea. Using both key account and supply chain management, the team worked very hard to develop new customer base on targeted products like 3G mobile phone and accessories, personal document assistant (PDA) and notebook computer. To service the domestic Mainland China electrical appliance market, a sales outlet was opened in Shunde by January 2002 with cooperation of local partners. The result was very satisfactory with immediate profit contribution recorded from the joint venture company. Looking to recover lost grounds, aggressive yet realistic sales plan had thus been set for the coming year to help replenish the loss of sales revenue.

The **machinery division** recorded satisfactory improvement in both revenue and profit contribution. With our expanded presences in Dongguan, Shunde and Shenzhen, the division aims to utilise the synergies from other business units to develop Taiwanese and local Chinese customers. It will also continue to search for other suitable brands of injection moulding machines for widening its range of products offered.

## (C) OTHER INVESTMENTS AND ASSOCIATED COMPANIES

In April 2000, the VSC Group had successfully spun off **iSteelAsia.com Limited ("iSteelAsia") and its subsidiaries (together the "iSteelAsia Group")** and listed it on the Growth Enterprise Market ("GEM") Board of the Hong Kong Stock Exchange. After the group reorganisation and upon the listing of iSteelAsia, the VSC Group now holds approximately 17.7% equity interest in iSteelAsia as long-term investment.

Over the past year, iSteelAsia continues its path to profitability and operates itself as full value-added service provider (as a steel trader and e-enabler) for the participants mainly for the China steel industry.