



Despite the competitive operating environment worldwide for our customers and us, the Group has achieved a record year of sales and profits with growing demand for our products. The consolidated turnover increased by 51% to approximately HK\$1,142.42 million (2001: HK\$758.34 million) and net profit grew by 173% to approximately HK\$171.82 million (2001: HK\$62.98 million).

In addition, entering into 2003, the Group will be celebrating its 40th year of successful operation. Consequently, in light of the good performance and to mark our 40th anniversary, it is proposed to pay shareholders a special dividend of 6.5 cents per share in addition to a final dividend of 6.5 cents per share.

In September, 2002, the Group acquired an 80% interest in Xorella AG which is the Swiss technology and market leader in steaming setting and conditioning systems for textiles. With the synergy effect of the Group's sales network and sophisticated manufacturing facilities in China and Xorella AG's design and technology, especially the invaluable experience of Mr. Freddy Wanger, the founder of Xorella AG, this will be supplementary and complementary to the Group's existing product range and will enable the Group to provide further one-stop shopping convenience to customers wishing to purchase textile machinery and in turn will improve the Group's market position.

Looking ahead, with China's success in joining the World Trade Organization and its effect on the textile industry and combined with the continued robust growth of China's economy, the Board believes that the potential growth of the Group's businesses in China is in the early stage of realization. The Board also believes that the Group is in a strong position to take advantage of the economic growth in China and Asia to continue further growth based on our strong financial position and solid foundations and to further consolidate our position in these markets.

The Group will continue to devote efforts to extend its businesses by exploring both new markets and new products. Therefore, the Group has been exploring additional potential businesses and cooperations that can complement and strengthen its core businesses.

With the encouraging results of 2002 and the efforts we have put in place, we are cautiously optimistic to a fruitful year in 2003 despite the current geopolitical conflicts and the atypical pneumonia outbreak.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders for their confidence in the Group, our worldwide customers for their trust and support in our products and services through the years, our staff for their dedication as well as our bankers and business associates for their continuing support.

Fong Sou Lam

Chairman

Hong Kong, April 8, 2003.