

I am pleased to present to shareholders the annual report of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2002.

RESULTS

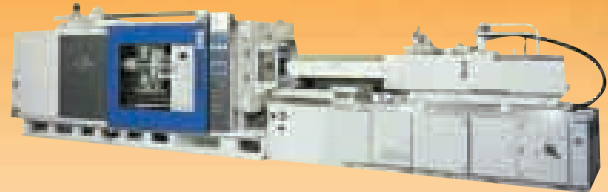
The Group's consolidated turnover for the year of 2002 was approximately HK\$1,313,484,000, representing an increase of approximately 1.45% as compared to that of approximately HK\$1,294,747,000 in 2001. During the year, the profit before taxation amounting to approximately HK\$56,350,000, whereas the loss before taxation for the year of 2001 amounted to approximately HK\$79,438,000. For the year ended 31st December, 2002, profit attributable to the shareholders was approximately HK\$23,305,000.

DIVIDEND

The Board propose that the profit for the period be retained and do not recommend the payment of any dividend for the year ended 31st December, 2002 (2001: Nil).

OVERVIEW

As the adverse market conditions in 2001 persisted, the management streamlined and strengthened its team through a vigorous and earnest business review, thereby further consolidating our corporate culture and team spirit. Meanwhile, under the effort made to enhance our management standards and to control cost, the



▲ 850 UBE Injection Moulding Machine

Group was yet able to register a total turnover roughly equal to that of last year and return to profit in the highly competitive year of 2002.

As compared with 2001, market conditions for the machinery business were relatively vibrant. However, competition remained fierce, putting much pressure on product prices. By virtue of the improvement of our management standards and realignment of our operating strategies, the Group was successful in making a turnaround. While our technical co-operation with Japan's UBE Machinery Corporation Ltd. ("UBE Japan") progressed smoothly, this had made significant contributions to the Group's market expansion and technical advancement. To better prepare for the anticipated keener market competition in the future, the R&D Center established at the year end would set the stage for integrating the Group's technical competencies and its research and development capabilities of new products.



◀ Team Building and Training Camp



◀ Plastic Hygienic Food Containers

During the year under review, plastic resin prices remained fluctuating, making it a difficult job to control the cost of our plastic processing business. As a result, the turnover dropped with profit slashed. Upon completion of business rationalization, the plastic hygienic food container business made headway towards market expansion. The new plant in Zhuhai will be ready for commercial operation in the middle of the year and is expected to bring new contribution to the Group's results.

The streamlining process in the audio product business was unable to make a turnaround yet, as the Group was not determined enough to implement its rationalization program and strategy to the full. In the year ahead, the Group will reaffirm its determination to carry out a pivotal reform.

In 2001, the printed circuit board business recorded an operating loss because of plant relocation. Yet in the year under review, we adhered to our high-end market policy and engaged to invest in market expansion. As such, we managed to avoid the vicious price war in this sector. This business is now back on track to profit.

Since the hampering factor of having to make provisions for the trading business no longer existed, the Group focused on the expansion of the industrial consumable business and attached great importance to manpower training and steady expansion of its sales network during the year under review. As a result, the business made a turnaround as anticipated. We are confident that this business will be able to make long-term steady contribution.

Thanks to our restructuring and optimization efforts in 2002, we have successfully trained up and recruited a capable team on top of improvement of our business. Now that our management teams are more brilliant and dynamic, we have indeed laid a solid foundation for the even keener competition and tougher challenges ahead.



▲ Printed Circuit Board

With the domestic market in China getting to maturity and the recent accession of China to the WTO, more and more foreign investments have been spurred to set up and expand their production plants in the Mainland in recent years. China has become the de facto manufacturing centre of the world. Along with the robust development of the private enterprises, all these will bring forth valuable opportunities to the Group in developing its core businesses.

APPRECIATION

On behalf of the board of directors and the shareholders, I would like to extend my sincere thanks to all the employees for their efforts and hard work under the challenging market conditions.

TANG To
Chairman

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2002, the Group's shareholders' funds were approximately HK\$597,543,000, compared with approximately HK\$579,854,000 as at 31st December, 2001.

The Group finances its operations with internally generated cash flow and banking facilities provided by its bankers in Hong Kong and China. The Group's gearing ratio as at 31st December, 2002 was approximately 2.7% (2001: 3.57%), and the liquidity ratio was approximately 1.28 (2001: 1.31), both were maintained at a healthy level. As at 31st December, 2002, cash, bank balances and time deposits amounted to approximately HK\$81,253,000. All these reflect that the Group is in sound financial position.

Hong Kong, 25th April, 2003



▲ Electronic Punch

