

## Business Review and Outlook

For the year under review, the Group registered loss for the first time since the listing of its shares, which was due to the unsatisfactory performance of a subsidiary which was engaged in the consumer products business and subcontract processing, and also due to the general downturn of global economy.

In view of this, the Group adopted a number of adjustments and changes in a bid to propel the Group into the growth path. One of these measures was the disposal of the loss making subsidiary, Pro-Tech Industries Corp. ("Pro-Tech"), which dragged the Group's results into red ink and had gloomy outlook. Pro-Tech was engaged in the consumer products business and subcontract processing service.

On the other hand, as a further step of diversification, during the year the Group acquired a wholly-owned subsidiary, Eastern Century Speed Inc. which is engaged in the research and development of micro electronic precision wire solder interconnection technology. The Group believed that, through acquisition such technology for commercialisation and with further resources deployed in marketing, the finished products produced by the precision wire solder technology will capture a certain share in the precision wire solder machinery market and improve the profit margin of the Group in the future.

In addition, to speed up the pace of developing overseas markets, the Group has, subsequent to the balance sheet date, cooperated with Sanki Trading Co., Ltd. to jointly incorporate in Hong Kong a company called Sun East Sanki Co., Limited, which will be principally engaged in the automobile production line and automobile production facilities business, with target customers being certain automobile manufacturers in Japan. We believe that, through such co-operation and with the experience of Sanki Trading Co., Ltd. in the Japanese market, the Group will be gradually developing its business in the Japanese market in the short-term, thereby creating a definitive and positive effect on the results of the Group in the future.

We believed that under the current business environment it is important to have the right and focused application of resources and quick response to market changes, in addition to effective cost control and market exploration efforts. Internal management will be strengthened by implementing an accountability system which is aimed at raising working moral and encouraging the staff to focus their efforts on the development of the core business of the manufacture and distribution of production lines. Resources will be concentrated on higher profit margin items. The Directors believed that the above adjustments and changes will be beneficial to the improvement of the Group's future performance.

## Acknowledgement

On behalf of the Board, I would like to take this opportunity to thank all my fellow directors and staff for their invaluable contribution and support to the Group for the past years.

By Order of the Board

**But Tin Hing**

*Chairman*

Hong Kong, 29 July 2003