NEW UNIVERSE INTERNATIONAL GROUP LIMITED

新宇國際實業(集團)有限公司*

(Incorporated in the Cayman Islands with limited liability)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of NEW UNIVERSE INTERNATIONAL GROUP LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange for the purpose of giving information with regard to NEW UNIVERSE INTERNATIONAL GROUP LIMITED. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

NEW UNIVERSE INTERNATIONAL GROUP LIMITED

新宇國際實業(集團)有限公司*

(Incorporated in the Cayman Islands with limited liability)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

HIGHLIGHTS

Turnover for the year ended 31 December 2003 was approximately HK$70,106,000, representing an increase of 39% over the previous period.

Profit attributable to shareholders for the year ended 31 December 2003 was approximately HK$11,703,000, whereas loss attributable to shareholders of HK$31,191,000 in the previous year.

The basic earnings per share for the year ended 31 December 2003 was HK1.68 cents, whereas loss per share HK6.64 cents in the previous year.

The Board do not recommend the payment of any dividend for the year ended 31 December 2003.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of New Universe International Group Limited (the "Company"), I am pleased to present to the shareholders this announcement of the Company together with its subsidiaries (the "Group") for the year ended 31 December 2003.

BUSINESS REVIEW

The Board is proud of reporting our performance on turning the Group around into a profitable operation. The Group made a net profit after taxation of 11.7 million in 2003, whereas a net loss of HK$31.2 million was incurred in 2002.

The net asset value of the Group increased sharply to HK$52.7 million as at 31 December 2003 from HK$13.0 million in the previous year as the Board improved operations through (i) open offer and loan capitalisations, (ii) flexible marketing strategies, (iii) effective cost controls, (iv) total quality management and (v) streamlining the business operations.

(i) Open offer and loan capitalisations

The Group enjoys a sound financial position under the leadership of its experienced management team and support of a shareholder, New Universe Enterprises Limited ("New Universe"). The Group raised approximately HK$4.7 million, before expenses, by way of open offer of 94 million shares at a subscription price of HK$0.05 per share in April 2003. In addition, during the period from April to December 2003, the Group capitalised of shareholder's loans amounting to HK$10.0 million and HK$15.0 million to subscribe of 200 million and 300 million new shares of the Company, respectively at a subscription price of HK$0.05 per share. As at 31 December 2003, no outstanding shareholder's loan was due by the Company to New Universe. Both the open offer and the loan capitalisations have improved the financial position of the Group and lowered its gearing ratio.

(ii) Flexible marketing strategies

The Group strongly relied on the sales derived from North America in the past. However, the softening United States economy has led to the fact that customers are more cautious when placing orders. The Group endeavoured to minimise the adverse effects of the unfavourable US economy by utilising its solid experience in the industries and flexible marketing strategies. During the year under review, the Group has redefined its marketing position to maintain existing reputable international customers to capture opportunities in high growth in gross profit and divert more resources, such as time, labour and production capacity to expand its customer bases and extend its geographical coverage. Over 30% of the Group's turnover in 2003 was derived from newly explored customers. During the year under review, the Group participated in industry exhibitions in Europe and U.S. and has successfully explored new markets in both Germany and Turkey. The sales from Europe constituted approximately 10% (2002: 3%) of the Group's turnover in 2003. The Group's satisfactory achievements during the year under review is a solid proof of ability to initiate effective policies to capitalise and explore on any business opportunities.

(iii) Effective cost controls

The Group has outsourced non-core production activities to control of its workforce to meet the substantial growth in sales turnover. The Group has strictly implemented a series of measures to control over the operation costs, such as consumption of public utilities instead of generators to reduce power costs, decrease in staff employed in administrative departments to reduce staff costs, enhancement inventory management to reduce both inventory storage costs and obsolete inventories, and exercising tight credit controls to reduce its bad debt expenses.

(iv) Total quality management

The Group's commitment to quality is one of the key elements contributing to its success and growth. As such, it is virtually important for the Group to ensure that its quality would not be sacrificed in a high growth environment. The Group has made significant progress in refining and enhancing its products and services by improving the quality of its operation. The Group focuses on activities to achieve design quality assurance, process quality assurance and supplier quality assurance resulting in a strong foundation for the Group's future growth.

The Group has been reputable for advanced technologies to achieve design quality assurance and process quality assurance. With the aid of the software, Professional Injection Mold System, mold can be designed directly from the computer-aided design immediately to achieve efficient and high quality production process. During the process of production, the Group is able to handle customer orders within a competitive order lead-time and material planning with accurate information with the current introduction of Enterprise Resource Planning System. The Group's supplier quality assurance is guaranteed as the Group has established long term and close relationships with its suppliers to achieve a strong bargaining power with its bulk purchases of raw materials with stringent quality control.

(v) Streamlining the business operations

The Group disposed or de-registered subsidiaries of the Company that had not contributed to Group's profit to streamline the business operations. After the disposal or de-registration, the Board can divert more resources, time and funds for administrative activities to focus on the core business on the design, manufacturing and trading of mold and plastic products.

PROSPECTS

The Group's success has been made under the leadership and guidance of our professional management with extensive experience in both molding and plastic industries.

The Group's two business divisions, molding and plastic product trading are each executing business plans that emphasise a combination of increasing sales turnover to existing and new customers. The prospects for improvements in the coming year are also positive despite a general decline in selling prices under keen competition. The support from our critical suppliers, expansion of production capacity by installation of new plant and machinery in plastic injection business and the broadening of customer bases through capitalisation on customer networks in Mainland China will make additional contributions to the Group's profits. With the synergies by New Universe, the Board believes that the Group will be emerged stronger by the gradual recovery in the economy.

Capitalisation on customer networks in Mainland China

Mainland China posted a substantial 9.17% growth in GDP in 2003 and has become a global manufacturing base with a booming domestic consumption market. Various industries in the world, including tooling industry, capture business opportunities in Mainland China to take advantage on its vast business growth competent and low cost labour force as well as abundant resources. Tooling is the most widely used and has become a necessity in production because it can achieve mass production, consistent quality, high productivity and cost effectiveness. Many manufacturers have chosen to outsource and subcontract partial production process, especial tooling to professionals who are specialists in this process. In view of the increasing number of foreign companies setting up their factories in Mainland China to increase their cost and operational competitiveness, and the need to purchase tooling parts locally, creating a surging demand for quality and efficient tooling services in Mainland China, especially in Changjiang River Delta.

Currently, the Group has a few customers with approximately 9% (2002: 4%) of turnover from Shanghai and the region of the Changjiang River Delta. The management anticipates that business opportunities for the Group around Shanghai and the region of the Changjiang River Delta will increase. In order to capture the business growth opportunities and further explore Mainland China market, the Group has acquired of 10% of the shares capital of a limited company in Hong Kong ("Bestwin") which owns the entire equity interest in a factory in Suzhou, Mainland China, namely as Suzhou New Universe Tooling and Plastic Limited (the "Factory"), with a gross floor area of approximately 34,000 square meters. The Factory is located and operates in Suzhou near Shanghai and in the region of Changjiang River Delta. The management plans to capitalise on customer networks to further enlarge customer base in Mainland China and to develop business opportunities for the Group around Shanghai and Changjing River Delta in order to further expand its market share in Mainland China. The Board believes that the Factory will not compete with the business of the Company although there is no non-competition undertaking between Factory and the Group. The Board considered the Factory is mainly responsible for small and simple mold products while the business of the Group is engaged in large and sophisticated products.

Expansion in plastic production capacity

The continuous development of the economy has increased the demand for various kinds of consumer products and electronic audio-visual devices and appliances. To capture these market potentials, the Group has rented an additional factory site in Dongguan, Mainland China, with production floor area of more than 10,000 square meters and acquired 12 sets of plastic injection machines with HK$1.5 million for the increase in its production capacity and the growing demand of plastic products.

Vertical integration in plastic product division

The Group has formed a new team within plastic product division to introduce a new technology-know-how, “Smart Color” to provide the complete value chain in plastic products, which allows the customers by using liquid colorants in the dyeing plastic products. While achieving effective cost and quality controls, full vertical integration also helps enhance capabilities to provide convenient one-stop services to its valuable customers.

Institution a lawsuit to claim for losses and damages

The Company has sought advice from its legal adviser on the illegality of the back-up diesel generator. In the second quarter of 2004, appropriate actions will be taken against the vendor and the vendor’s guarantor under the sale and purchase agreement dated 12 January 2001 in relation to the acquisition of the entire issued share capital of Sky Datamann International Limited and its subsidiary, Sky Datamann (Hong Kong) Limited, (“SkyDatamannGroup”) and the loans made by the vendor to SkyDatamannGroup. The Group is entitled to claim for losses and damages or rescind the sale and purchase agreement with a consideration of HK$140 million because of misrepresentation or breach of warranties by the vendor and the vendor’s guarantor. On 19 March 2003, the Group disposed of entire issued share capital in Sky Datamann (Hong Kong) Limited for a consideration of HK$1.

The Board is confident in rebuilding the Group as one of the leaders in the tooling and plastic injection business in the Asia Pacific Region and it is anticipated that the Group will be emerged stronger and better equipped for growth in the coming economic recoveries.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, customers, suppliers and employees for their continuing loyalty, hard working and dedication to the Group.

By Order of the Board
Hua Zhixiang
Chairman

Hong Kong, 26 March 2004

FINANCIAL RESULTS

The Board of the Company announces the audited consolidated results of the Group for the year ended 31 December 2003 together with the comparative audited figures for the corresponding year ended 31 December 2002 as follows:

	Notes	**2003** ***HK$'000***	2002 *HK$'000*
TURNOVER			
Continuing operations	*(2)*	**70,106**	50,390
Cost of sales		**(52,944)**	(45,122)
Gross profit		**17,162**	5,268
Other revenue and gains	*(2)*	**1,682**	990
Selling and distribution costs		**(3,946)**	(1,435)
Administrative expenses		**(11,532)**	(21,162)
Other operating expenses	*(3)*	**(2,116)**	(13,338)
Gain on disposal of a subsidiary (Discontinued operation)	*(4)*	**11,060**	–
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	*(5)*	**12,310**	(29,677)
Finance costs		**(527)**	(1,521)
PROFIT/(LOSS) BEFORE TAX			
Continuing operations		**723**	(31,198)
Discontinued operation	*(4)*	**11,060**	–
		11,783	(31,198)
Tax			
Continuing operations	*(6)*	**(80)**	–
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		**11,703**	(31,198)
Minority interests		**–**	7
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**11,703**	(31,191)
EARNINGS/(LOSS) PER SHARE *(cents)*	*(7)*		
Basic		**1.68**	(6.64)
Diluted		**N/A**	N/A

Notes:

(1) SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the mold products segment engages in the manufacture and sale of high precision molds; and

(b) the plastic products segment engages in the manufacture and sale of plastic products.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

During the current and prior years, there were no intersegment transactions.

(a) Business segments

The following tables present revenue and profit/(loss) information for the Group's business segments.

Group

	Mold products		**Plastic products**		**Consolidated**	
	2003	2002	**2003**	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**41,358**	33,793	**28,748**	16,597	**70,106**	50,390
Other revenue and gains	**496**	492	**210**	81	**706**	573
Total	**41,854**	34,285	**28,958**	16,678	**70,812**	50,963
Segment results	**1,113**	(21,966)	**1,411**	(6,163)	**2,524**	(28,129)
Unallocated other revenue and gains					**12,036**	417
Unallocated expenses					**(2,250)**	(1,965)
Profit/(loss) from operating activities					**12,310**	(29,677)
Finance costs					**(527)**	(1,521)
Profit/(loss) before tax					**11,783**	(31,198)
Tax					**(80)**	–
Profit/(loss) before minority interests					**11,703**	(31,198)
Minority interests					**–**	7
Net profit/(loss) from ordinary activities attributable to shareholders					**11,703**	(31,191)

(b) Geographical segments

The following tables present revenue, other revenue and gains for the Group's geographical segments.

Group

	Hong Kong		Mainland China		North America*		Japan		Others		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**26,154**	14,179	**18,612**	13,205	**15,522**	9,831	**1,608**	9,207	**8,210**	3,968	**70,106**	50,390
Other revenue	**140**	–	**566**	263	**–**	310	**–**	–	**–**	–	**706**	573
	26,294	14,179	**19,178**	13,468	**15,522**	10,141	**1,608**	9,207	**8,210**	3,968	**70,812**	50,963

(2) TURNOVER, REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, less sales returns and discounts. An analysis of turnover, revenue and gains is as follows:

	2003	2002
	HK$'000	*HK$'000*
Turnover – sale of goods	**70,106**	50,390
Interest income	**12**	13
Exchange gains, net	**184**	191
Negative goodwill recognised as income	**–**	16
Sundry income	**1,486**	770
Other revenue and gains	**1,682**	990
Total	**71,788**	51,380

(3) OTHER OPERATING EXPENSES

Other operating expenses include the following items:

	2003	2002
	HK$'000	*HK$'000*
Provision for doubtful debts	**538**	3,068
Fixed assets written-off	**–**	5,770
Loss on liquidation of subsidiaries	**–**	1,717

(4) GAIN ON DISPOSAL OF A SUBSIDIARY (DISCONTINUED OPERATION)

In December 2001, the Group abandoned its operation of an Internet server co-location centre, which was solely operated in Hong Kong. On 19 March 2003, a sale and purchase agreement was entered into between the Group and Centapoint Limited ("Centapoint"), an independent third party, whereby the Group agreed to dispose of its entire issued share capital in Sky Datamann (Hong Kong) Limited, the subsidiary of the Group involved in the above discontinued business, to Centapoint for a consideration of HK$1.

The gain on disposal of the subsidiary of HK$11,060,000 in respect of the discontinued operation is disclosed on the face of the consolidated profit and loss account.

The carrying amount of the total liabilities relating to the discontinued operation at 31 December 2002 amounted to HK$11,146,000.

(5) PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	2003	2002
	HK$'000	*HK$'000*
Depreciation	**9,808**	11,842
Auditors' remuneration	**550**	700
Staff costs (exclusive of directors' remuneration)		
Wages and salaries	**11,335**	16,117
Retirement benefits scheme contributions	**109**	158
Less: Forfeited contributions	**(65)**	(99)
Net retirement benefits scheme contributions	**44**	59
	11,379	16,176
Minimum lease payments under operating leases in respect of land and buildings	**1,419**	1,200
Payment for the use of an industrial plant	**2,581**	3,505
Cost of inventories sold	**52,528**	44,680
Research and development costs	**–**	245
Loss on disposal of fixed assets	**369**	216

(6) TAX

No provision for Hong Kong profits tax has been made as the Group had accumulated tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax had been made in the prior year as the Group had no assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The applicable corporate income tax rate applicable to Dongguan Smartech Tooling and Plastics Limited, a wholly-owned subsidiary established in Mainland China, is 24%.

	Group	
	2003	2002
	HK$'000	*HK$'000*
Deferred tax *(note a)* and total tax charge for the year	**80**	–

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

Group – 2003

	Hong Kong		**Mainland China**		**Total**	
	HK$'000	***%***	***HK$'000***	***%***	***HK$'000***	***%***
Profit/(loss) before tax	13,053		(1,270)		11,783	
Tax at the statutory/applicable tax rate	2,284	17.5	(305)	(24.0)	1,979	16.8
Effect on opening deferred tax of increase in tax rate	13		–		13	
Income not subject to tax	(1,962)		–		(1,962)	
Expenses not deductible for tax	1,349		305		1,654	
Tax losses utilised from previous periods	(1,604)		–		(1,604)	
Tax charge at the Group's effective rate	80	0.6	–	–	80	0.7

Group – 2002

	Hong Kong		Mainland China		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Loss before tax	(17,483)		(13,715)		(31,198)	
Tax at the statutory/applicable tax rate	(2,797)	(16.0)	(3,292)	(24.0)	(6,089)	(19.5)
Income not subject to tax	(2)		–		(2)	
Expenses not deductible for tax	1,857		3,292		5,149	
Tax losses utilised from previous periods	(335)		–		(335)	
Tax losses not recognised	1,277		–		1,277	
Tax charge at the Group's effective rate	–	–	–	–	–	–

Note a: **Deferred Tax Liabilities**

	Group	
	2003	2002
	HK$'000	*HK$'000*
Balance at beginning of year	**900**	900
Deferred tax charged to the profit and loss account during the year, including a charge of HK$13,500 due to the effect of a change in tax rates	**80**	–
Balance at end of year	**980**	900

The Group's provision for deferred tax represents timing differences arising from accelerated depreciation allowances.

The Group has tax losses arising in Hong Kong of HK$4,459,000 (2002: HK$13,625,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 December 2003, there is no significant unrecognised deferred tax liability (2002: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or a joint venture company as the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

(7) EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK$11,703,000 (2002: net loss of HK$31,191,000), and the weighted average of 696,569,863 (2002: 470,000,000) ordinary shares in issue during the year, as adjusted to reflect the open offer (note a) and loan capitalisation (note b) during the year as described below:

Notes:

(a) Pursuant to an extraordinary general meeting passed on 20 March 2003, the Company raised HK$4,700,000, before expenses, by way of an open offer of 94,000,000 new ordinary shares of HK$0.05 each of the Company at HK$0.05 per share in the proportion of one offer share for every five existing ordinary shares in issue.

(b) On 9 April 2003 and 18 December 2003, 200,000,000 and 300,000,000 new ordinary shares, respectively, of HK$0.05 each were allotted and issued to New Universe at par. The aggregate subscription price of HK$25,000,000 was satisfied by the capitalisation of shareholder's loans of HK$25,000,000.

Diluted earnings/(loss) per share for the years ended 31 December 2003 and 2002 have not been presented as the effect of any dilution is anti-dilutive.

(8) RESERVES

Group

	Share premium account *HK$'000*	**Exchange fluctuation reserve** *HK$'000*	**Contributed surplus** *HK$'000*	**Accumu-lated losses** *HK$'000*	**Total** *HK$'000*
At 1 January 2002	30,373	12	31,929	(42,231)	20,083
Translation differences arising on consolidation of an overseas subsidiary	–	601	–	–	601
Release on liquidation of subsidiaries	–	(12)	–	–	(12)
Net loss for the year	–	–	–	(31,191)	(31,191)
At 31 December 2002 and 1 January 2003	30,373	601	31,929	(73,422)	(10,519)
Share issue expenses	(1,707)	–	–	–	(1,707)
Net profit for the year	–	–	–	11,703	11,703
At 31 December 2003	28,666	601	31,929	(61,719)	(523)

(9) DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2003 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group achieved a turnover of approximately HK$70.1 million (2002: HK$50.4 million) which represented a sharply increase of 39% over the previous year. During the year, revenue generated from mold products accounted for 59% (2002: 67%) of the Group turnover while plastic products contributed the remaining 41% (2002: 33%). The Group has successfully maintained existing reputable international customers to capture opportunities in high growth in both sales and gross profit. With the expansion of its customer bases and extension of its geographical coverage, over 30% of the Group's turnover in 2003 was derived from new customers.

Cost of sales for the year ended 31 December 2003 amounted to approximately HK$52.9 million, representing an increase of 17% from HK$45.1 million in the previous year. The production costs did not increase to the same extent as the increase in turnover. This was attributable to the fact that the Group has effectively controlled certain overheads, such as direct labour, consumptions of raw materials and obsolete inventories; and achieved greater productivity by means of outsourcing of non-core production activities.

The gross profit margin of the Group has sharply been increasing to approximately 25% (2002: 11%).

The aggregate of administrative expenses and other operating expenses of the Group decreased by 60% to HK$13.6 million from HK$34.5 million in 2002. The sharp decrease was mainly attributable to the fact that no further administrative expenses were incurred after ceassion of overseas operation in Canada and operation costs were effectively controlled by the Board, including decrease the redundant staff employed in administrative departments and decrease in bad debt expenses.

The majority of the Group turnover is derived from the mold products. For the year ended 2003, mold products reported a turnover of HK$41.4 million, a 22% increase from HK$33.8 million in the previous year. The increase was mainly attributable to the fact that the Group has successfully expanded its customer bases and extended geographical coverage.

Plastic products experienced a sharply increase in turnover of 73% to HK$28.7 million in 2003 from HK$16.6 million in 2002. Such increase was mainly due to the increasing of sales orders from customers under the positive market sentiment and expansion of its customer bases.

The major sales regions of the Group in 2003 – Hong Kong, Mainland China and North America have increased by 84%, 41% and 58% respectively. In year 2002, Hong Kong, Mainland China and North America were the major sales regions of the Group. The sales from these regions constituted over 86% (2002: 74%) of the Group's turnover.

NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The Group recorded a net profit after taxation and minority interests of HK$11,703,000 for 2003, whereas a net loss of HK$31,191,000 for 2002.

Liquidity and Financial Resources

The Group generally financed its operations and investing activities with internally generated cash flows and trade facilities granted by a banker.

As at 31 December 2003, the Group had total cash and bank balances of approximately HK$9.1 million. The Group had outstanding borrowings of approximately HK$9.5 million, comprising secured trust receipt loans of approximately HK5.3 million and finances lease payables of approximately HK$4.2 million. Out of the total indebtedness, approximately HK$8.2 million is repayable within one year. The gearing ratio was 82% as at 31 December 2003, representing total liabilities of HK$43.2 million divided by capital employed of HK$52.7 million.

Investment

The Group entered into an agreement with two independent third parties to contribute technical support services amounted to HK$1.5 million in exchange for 10% of equity interest in Bestwin which owns the entire equity interest in the Factory.

Capital Structure

Save as disclosed in “Chairman’s Statement” and in “Management Discussion and Analysis” of this announcement, there were no material change in the capital structure of the Company for the year ended 31 December 2003.

Material Acquisition and Disposals of Subsidiaries

Save as disclosed in “Chairman Statement” and “Management Discussion and Analysis” of this announcement there were no significant investments nor material acquisition and disposals of subsidiaries and affiliated companies of the Company during the year.

Employee Information

As at 31 December 2003, the Group had 557 (2002: 475) full-time employees. Staff costs, excluding directors’ remuneration but including amount capitalised as work-in-progress was HK$11.4 million (2002: HK$16.2 million) for the year ended 2003. Employees were paid at market remuneration with bonus and benefits of medical insurance, mandatory provident fund, share options and necessary training.

Charges on Assets

With the net book value of fixed assets of the Group of HK$56.1 million (2002: HK$60.0 million), the net book value of fixed assets held under finance leases amounted to HK$10.4 million (2002: HK$15.3 million) as at 31 December 2003. Apart from the finance lease arrangement, there were no charges on assets as at 31 December 2003.

Exposure to Exchange Rate Fluctuations

During the year ended 31 December 2003, the Group experienced only immaterial exchange rates fluctuations as most of the Group's monetary assets and liabilities were denominated and most of the business were conducted in Hong Kong Dollars, US Dollars and Renminbi, and all of which were relatively stable during the period under review. The Group considered that as the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

CONTINGENT LIABILITIES

At the balance sheet date, the Company had the following contingent liabilities not provided for in the financial statements:

	2003	2002
	HK$'000	*HK$'000*
Corporate guarantees on liabilities of a subsidiary in respect of obligations under finance leases	**4,670**	7,019

In addition to the above, as at 1 January 2003, the Company had contingent liabilities in relation to a cross guarantee between the Company and a related company, of which Mr. Xi Yu, an executive director of the Company, is a director and beneficial shareholder, up to a total facility amount of HK$10 million. On 27 February 2003, the cross guarantee was released and replaced by a corporate guarantee solely provided by the related company to the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

BOARD PRACTICES AND PROCEDURES

In the opinion of the directors, the Company has complied with the requirements of Board Practices and Procedures as set out in Rule 5.28 to 5.39 of the GEM Listing Rules throughout the accounting period covered by this announcement.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its posting.

* *For identification purpose only*