

PROSPECTS

The world economy at present is full of uncertainties. Looking forward, macro prospects for global economy seem discouraging, the actual long-term impact of the "9-11 event" on global customers' sentiment remains uncertain. Under the current uncertain times, the Group will continue to consolidate its core business of supplying both the melamine and silicon rubber products for Hong Kong, Southeast Asia, South America, Europe and other markets.

In contrast with the global economic slowdown, the People's Republic of China (the "PRC") continues its growth momentum. In view of this, the Group will strive to explore the market potential in the PRC. The Group has successfully obtained the PRC domestic sales approval in the late October 2001, paving the way for a sound foundation of the Group's future business development. Considering the enormous market potential for the melamine and silicon rubber household products in the PRC, the Group believes that the sales of its products will be escalating.

Meanwhile, the Group also intends to further explore the potential European market so as to expand the market segmentation of the Group. The Group plans to participate in exhibitions and trade fairs held in Europe in the near future, aiming to introduce its products to the potential European trade partners. With the Group's experienced management team and well-equipped production facilities, the Directors believe that the Group is able to further consolidate its leading position in the industry.

Apart from the OEM products, the Group decides to inject more resources and effort in developing the ODM products that possess substantial market potential. With its stable sales volume and economic production time, the directors believe the future prospect of the ODM product is very positive.

In consideration of the market potential of the newly developed silicon rubber household ware market, the Group will inject more resources in expanding the market by further developing more items so as to meet the increasing demand.