

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group achieved a turnover of US\$172,678,000 for the year ended 31st December, 2000. Compared to 1999, the sales amount in 2000 was US\$12,131,000 or 8% higher.

The Group's profit attributable to shareholders increased slightly by 2% from US\$16,004,000 to US\$16,371,000. Meanwhile net profit margin decreased slightly from 9.97% in 1999 to 9.48% in 2000.

The basic earnings per share increased from 2.1 US cents to 2.2 US cents. Net assets of the Group increased from 14 US cents per share to 15 US cents per share.

The Board proposes a final dividend of 1.5 Hong Kong cents per share for the year ended 31 December 2000. Subject to approval at the forthcoming annual general meeting, the final dividends will be paid to the shareholders whose names appear on the Register of Members on 24th May, 2001. Together with an interim dividend of 3 Hong Kong cents per share, the total dividend for the year will be 4.5 Hong Kong cents per share. Dividend warrants, when approved, will be sent to the shareholders on or before 31st May, 2001.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its business needs with internal funds. Total assets of the Group as at 31st December, 2000 amounted to US\$163,119,000, 8% or US\$12,123,000 higher than 1999. Meanwhile, shareholders' funds increased by 11% or US\$11,389,000 to US\$111,701,000. As at 31st December, 2000, the ratio of total bank borrowings to shareholders' funds of the Group remained at a comfortable level of approximately 21%. At the same time, the Group had a very robust liquidity position as revealed by a current ratio of 1.27 times. There is no charge on the fixed assets of the Group.

CAPITAL EXPENDITURE

During the year, the Group invested US\$18,776,000 in fixed assets, of which 32% was used for the construction of factory buildings and warehouses and the remaining 63% for the purchase of additional plant and machinery.

