

## LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

During the year of 2000, the Group had issued new shares to raise capital (net of share issuance expenses) of approximately HK\$48.8 million. The details of which are set out in Note 24 to the Financial Statements. The fund was utilized to reduce bank borrowings, purchase of machinery and the development of the B2B internet marketplace, TradeUNIT.com.



Apart from the above mentioned, the Group's daily operation activities were financed by profits generated, internal source and banking facilities such as trust receipt loans, overdraft and factoring. Machineries purchased for production were financed by profits, leasing and hire purchase loans. Most of the leasing and hire purchase loans had a repayment term of not more than 36 months.

As at balance sheet date, the Group's shareholders' equity was HK\$194 million (1999: HK\$166 million). Current ratio was 1.30 (1999: 1.50). Gearing ratio, calculated as a percentage of long term debt to equity, was 7% (1999: 0%).

The Group's sales and purchases are normally transacted in HK\$, US\$ and RMB. For other currencies, foreign exchange contracts are commonly entered into to mitigate the exposure in exchange risk.

## SEGMENTAL INFORMATION



The Group continues to focus on the manufacturing and trading of electronic components (90% of turnover), particularly aluminum electrolytic capacitors and resistors. Furthermore, the Group is expanding the product categories by contracting with manufacturers of other types of capacitors as its distribution agents. The development of the latter will enlarge the Group's market share and secure customer orders.

Geographically, the PRC (including Hong Kong) is still the Group's major market occupying 87% of turnover (1999: 98%). However, the percentage is decreasing by the Group's continuing development in the overseas markets. Taiwan is expected to take a larger percentage in 2001.

## Management Discussion and Analysis

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### EMPLOYEES

As at Balance Sheet date, the Group hired approximately 92 employees in Hong Kong. Salaries, bonus and benefits were decided in accordance with the market condition and the performance of the respective employees.



On 13th February 1997, the Company approved a share option scheme and the share options were granted to staff and directors during the year, the details of which are set out in Note 24 to the Financial Statements.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to invest capital in the production of capacitors and research is being done to explore the opportunity in production of v-chip, a mini-sized aluminum electrolytic capacitor. It is also the Group's intention to expand the production capacity of Wuxi Heli Electronic Co. Ltd. (the "WHE"), in order to tap the Eastern China region. WHE contributed profits of HK\$1.1 million to the Group, increased by 37.5% from HK\$0.8 million in 1999.