



## DISTRIBUTION OF ELECTRONIC COMPONENTS

Starting from the fourth quarter of year 2001, the signals of economy recovery were enhanced by the different phenomena. The steadily increase in demand on computer equipment, especially notebook personal computers, was a major contributor to our rising distribution on computer related electronic components.

Since overproduction and under pricing, many renowned companies withdrew from fabrication of memory products last year in which accelerated the inventory clearance.

Although the scenario of excess supply was eliminated, the prices of memory products become very fluctuated from December last year. The combination effects on our strong distribution sense and strengthened market thoroughness were our factors for success.

Although the competition in electronic market was violent and the prices of electronic components were slipping in 2001, driven by the obvious growth for unit shipment, there was a moderate increase in revenue, especially for the electronic components of digital cameras, DVD players and mobile phones.

Intense competition for IC market last year resulted from overestimates and overproduction for the end market size. In response to the increasing demand of smart handheld device, distribution on consumer digital IC jumped for a significant portion with the game-machine IC the second. These products represented a major part in distribution of IC.

## DISTRIBUTION OF SPORTS EQUIPMENT

With the higher living standard and better knowledge on health, more and more people play sports in the PRC. Enhanced by the effects of joining the World Trade Organization and hosting the Olympic Games in 2008 by the PRC, the popularity of playing sports was ever before. Hence, satisfactory results were realized by distribution of sports equipment in the PRC.

## LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, net cash inflow generated from operating activities amounted to HK\$6,042,000 comparing to an outflow of HK\$67,181,000 of last year. Total bank and other borrowings including bank loans, import loans, overdraft and other loan amounted to HK\$236,642,000 as at 31st December 2001 which is higher than HK\$225,745,000 of 2000 by 4.83%. The gearing ratio based on total bank borrowings to total shareholders' funds remains as 86.43% which is same as last year.

Whilst the sales of the Group is mainly denominated in Hong Kong dollars and US dollars, the Group's exposure to foreign exchanged risk is minimal.



## EMPLOYEES

As at 31st December 2001, the Group had a total number of employees of approximately 300. The Group fully recognised the importance of its employees and the role they play. The Group endeavored to ensure job satisfaction and career growth to each of the employees. It is a Group policy to encourage continuous education for the employees by providing sponsorship.

The Group had adopted a share option scheme in 1994 under which the Group granted share options to certain employees as an incentive and award for their contribution to the Group.



## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers accounted for approximately 50.06% of the total purchases and the largest supplier accounted for approximately 20.02% of our total purchases. The aggregate turnover attributable to the Group's five largest customers accounted for 17.89% of the total turnover and the largest customer accounted for 4.83% of total turnover. None of the directors, their associates or any shareholders which to the knowledge of the directors own more than 5% of the Company's issued share capital has any interest in the five largest suppliers or customers.

