

Financial Review

The loss attributable to shareholders of the Company for the Year decreased by HK\$230 million, or 83% to HK\$48 million. As at 31 March 2002, the Group's net asset value increased by HK\$57 million, or 28% to HK\$264 million. The Group's current ratio was improved from 1.7 times to 2.3 times. As at 31 March 2002, the Group had no long term interest-bearing bank and other loans.

Liquidity and Financial Resources

During the Year, the Group generally financed its operation with internally generated cash flow, banking facilities and new placing shares. The Group's bank and short term deposits as at 31 March 2002 amounted to HK\$49 million.

As at 31 March 2002, the total amount of interest bearing bank and other loans of the Group was maintained at HK\$93 million (at 31 March 2001: HK\$93 million) which are repayable within one year.

As at 31 March 2002, the Group's current ratio was 2.3 times (at 31 March 2001: 1.7 times) based on current assets of HK\$336 million (at 31 March 2001: HK\$240 million) and current liabilities of HK\$144 million (at 31 March 2001: HK\$141 million).

As at 31 March 2002, the Group had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to the Company's subsidiaries was HK\$51 million (at 31 March 2001: HK\$51 million). The bank facilities were utilised to the extent of approximately HK\$30 million (at 31 March 2001: HK\$34 million).

Capital Structure

As at 31 March 2002, the Group's total net asset value amounted to HK\$264 (at 31 March 2001: HK\$207 million). The Group's total assets and liabilities were HK\$408 million and HK\$144 million respectively.

As at 31 March 2002, the Group's gearing ratio was 22% (at 31 March 2001: 27%) based on short term and long term interest-bearing and other loans of HK\$57 million (at 31 March 2001: HK\$56 million) and net worth of HK\$264 million (at 31 March 2001: HK\$207 million.).

The Group's bank deposit and borrowings are mainly denominated in Hong Kong dollars. Most of Group's sales and purchases are made in United States dollars and Hong Kong dollars. Therefore, the exchange risks exposed to the Group is minimal.

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On 11 June 2001, the Company has placed a total of 1,197,000,000 new shares at HK\$0.03 per placing share representing 19.99% of its total issued share capital at that time. The net proceeds of from the placing of approximately HK\$34.9 million was used as additional working capital for the Group.

On 3 August 2001, the Company has placed a total of 1,436,560,000 new shares at a price of HK\$0.025 per placing share representing 19.99% of its total issued share capital at that time. The net proceeds from the placing of approximately HK\$34.9 million was used as additional working capital for the Group.

Details of Charges on Assets

At 31 March 2002, certain leasehold land and building land use right, with a net book value of approximately HK\$23 million and fixed deposit of HK\$13 million, were pledged to secure banking facilities granted to the Group.

Material Acquisitions and Disposals

During the Year, the Group had no material acquisition or disposal.

Employment, Training and Development

At 31 March 2002, the Group has a total of 1,015 employees, of which 49 are based in Hong Kong and 966 based in PRC. The Group has committed itself to its staff training and development and structured training programs for all employees.

Remuneration packages are maintained at competitive level and reviewed on a periodic basis. Bonus and share options are awarded to certain employees according to the assessment of individual performance and industry practice.

On behalf of the Board

Wong Howard

Executive Director

Hong Kong, 18 July 2002

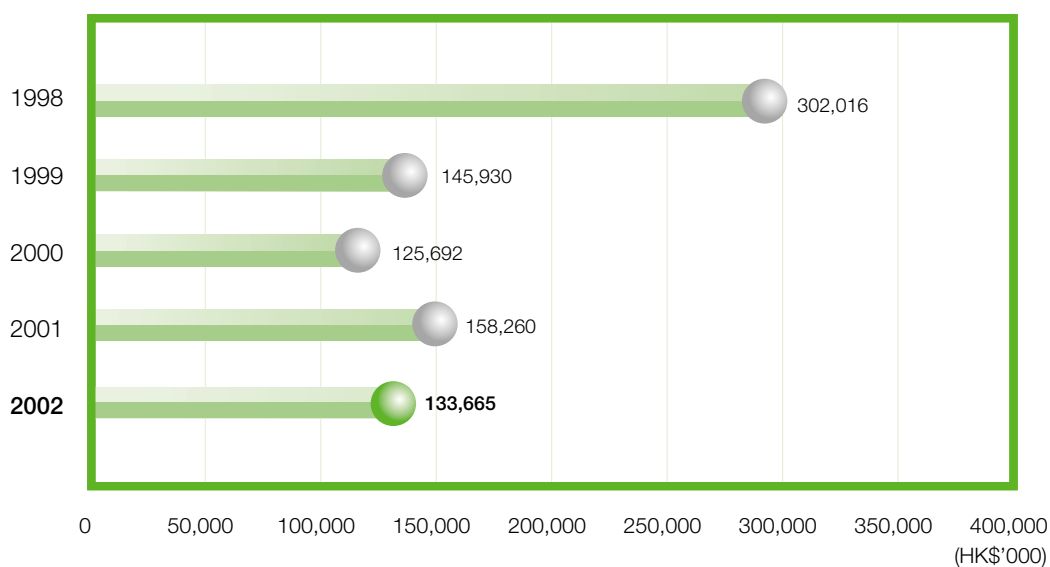
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Financial Highlights

	2001/2002	2000/2001
Turnover	HK\$133,665,000	HK\$158,260,000
Net loss from ordinary activities attributable to shareholders	HK\$(48,265,000)	HK\$(277,669,000)
Basic loss per share	HK0.62 cents	HK5.41 cents

Turnover

(For the year ended 31 March)



Net Profit/(Loss) from Ordinary Activities Attributable to Shareholders

(For the year ended 31 March)

