

REVIEW OF RESULTS

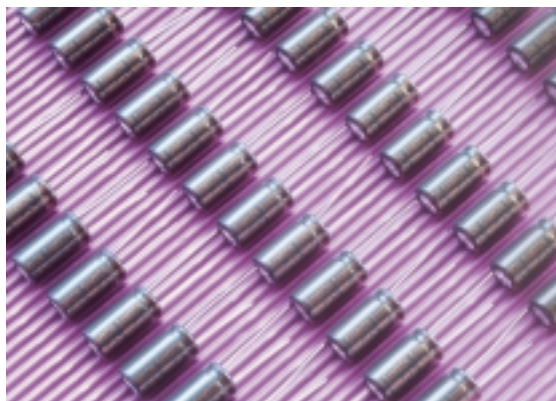
The Group achieved a substantial improvement on the financial and operating results for the year ended 31 December 2002 despite the sluggish global economic environment experienced during the year subsequent to the September 11 event in the United States. This was due to the continual development in certain market segments like computers and power supplies which have created continuous drive for the demand of the Group's products.

The Group achieved a turnover of HK\$477,727,000 (2001: HK\$330,511,000) and a net profit attributable to shareholders of HK\$20,828,000 (2001: HK\$5,215,000). Earnings per share for the year ended 31 December 2002 were HK5.58 cents (2001: HK1.40 cents).

REVIEW OF OPERATIONS

With the decision to refocus on its core business of manufacturing and trading of aluminium electrolytic capacitors, the Group has successfully increased its market share in various industrial sectors, shifted its product mix to higher-valued items and strengthened diversification into overseas and PRC markets from Hong Kong market.

During the year ended 31 December 2002, the Group further increased its shareholding in a subsidiary in Wuxi to 80.3% from 71.1% as at 31 December 2001. The Group also commenced its wholly-owned production operations in Xiamen in the second half of 2002. The management believes that these will enhance the Group's presence in the manufacturing and sale of electronic components in the PRC.



業績回顧

儘管美國九一一事件過後的一年環球經濟氣候持續不景，本集團截至二零零二年十二月三十一日止年度之財務及經營業績得到顯著改善。這有賴於本集團持續開拓若干類別市場(如電腦及電源產品)，從而持續推動對本集團產品之需求。

本集團錄得營業額477,727,000港元(二零零一年：330,511,000港元)，股東應佔溢利20,828,000港元(二零零一年：5,215,000港元)。截至二零零二年十二月三十一日止年度之每股盈利為5.58港仙(二零零一年：1.40港仙)。

業務回顧

本集團決定重新專注於其製造及買賣鋁電解電容器之核心業務後，不僅成功在不同工業界別中增加市場佔有率，並且成功在產品組合中加入更多高價產品，以及從香港市場拓展至海外及中國市場，進一步加強多元化發展。

截至二零零二年十二月三十一日止年度中，本集團增加其在無錫的附屬公司股權，由二零零一年十二月三十一日之71.1%增加至80.3%。本集團在廈門全資擁有之生產設施亦已於二零零二年下半年度投產。管理層相信有關部署有助本集團加強在中國製造及銷售電子零件之業務。

In terms of the geographical distribution, sales in countries other than Hong Kong and PRC increased from 34.8% to 40.2%, amounting to HK\$191,898,000 (2001: HK\$114,973,000) mainly contributed by the growth in Taiwanese market. Sales to Hong Kong customers decreased from 47.3% to 28.9%, amounting to HK\$138,156,000 (2001: HK\$156,291,000) whilst sales to the PRC market increased from 17.9% to 30.9%, amounting to HK\$147,673,000 (2001: HK\$59,247,000).

The trading of machinery and trading of raw materials contributed to 5.7% (2001: 1.3%) and 2.7% (2001: 3.3%), respectively, of the Group's overall turnover.

Save as disclosed in note 32 to the audited financial statements, the Group has no material contingent liabilities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group enhances its financial strength with positive net cash flow of HK\$85,495,000 generated from operating activities for the year ended 31 December 2002, an increase of 58.3% compared to the net cash flow of HK\$54,019,000 for the year ended 31 December 2001. Cash and bank balances of the Group at 31 December 2002 were HK\$24,000,000, an increase of 30.6% compared to cash and bank balances of HK\$18,371,000 at 31 December 2001. Total bank borrowings and finance leases at 31 December 2002 amounted to HK\$87,973,000, a decrease 22.1% compared to total bank borrowings and finance leases of HK\$112,914,000 at 31 December 2001.

At 31 December 2002, the shareholders' equity was HK\$221,639,000, an increase of 10.3% compared to the shareholders' equity of HK\$200,947,000 at 31 December 2001. The gearing ratio expressed as a percentage of total bank borrowings to total shareholders' equity improved to 39.7% as compared to 56.2% at 31 December 2001.

至於地區分佈方面，主要由於台灣市場增長所帶動，售往中港兩地以外地區所佔之銷量由34.8%增加至40.2%，達191,898,000港元(二零零一年：114,973,000港元)。銷售予香港客戶所佔銷量則由47.3%減少至28.9%，為138,156,000港元(二零零一年：156,291,000港元)，而售往中國其它地區市場所佔銷量則由17.9%增加至30.9%，達147,673,000港元(二零零一年：59,247,000港元)。

機械貿易及原料買賣分別佔本集團整體營業額5.7%(二零零一年：1.3%)及2.7%(二零零一年：3.3%)。

除經審核財務報表附註32所披露者外，本集團並無重大或然負債。

流動資金及財務資源

本集團截至二零零二年十二月三十一日止年度經營業務獲得之正額現金流量淨額85,495,000港元，較截至二零零一年十二月三十一日止年度現金流量淨額54,019,000港元上升58.3%，財政實力得以加強。本集團於二零零二年十二月三十一日之現金及銀行結餘為24,000,000港元，較二零零一年十二月三十一日之現金及銀行結餘18,371,000港元上升30.6%。二零零二年十二月三十一日之銀行借貸及財務租賃總額為87,973,000港元，較二零零一年十二月三十一日銀行借貸及財務租賃總額112,914,000港元減少22.1%。

於二零零二年十二月三十一日，股東資金為221,639,000港元，較二零零一年十二月三十一日之股東資金200,947,000港元增加10.3%，負債比率(指總銀行借貸佔股東資金總額之百分比)較二零零一年十二月三十一日之56.2%改善至39.7%。

Profit before interest, taxation, depreciation and amortization (“EBITDA”) for the year ended 31 December 2002 was HK\$53,206,000, representing an increase of 71.9% compared to HK\$30,945,000 for 2001. Interest coverage expressed as a multiple of EBITDA to total interest expenses improved to 9.6 times as compared to 3.8 times for 2001.

Capital expenditure incurred for purchase of machinery and equipment for the year ended 31 December 2002 amounted to HK\$47,832,000, representing an increase of 1.4 times as compared to HK\$19,916,000 in 2001. This was funded by internally generally resources as well as finance leases payable usually in 36 monthly instalments.

The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yens. As Hong Kong dollar is pegged to United States dollar and there has not been major fluctuation in the exchange rate between Renminbi and Hong Kong dollar, the Group does not foresee any high exchange risk in this respect. The Group will utilize foreign exchange forward contracts for hedging if management is of the view that exchange rate fluctuation of Japanese yen is foreseen as material.

The Group’s daily operations were mainly financed by internal resources and banking facilities such as trust receipt loans, overdraft and factoring. Credit risk was hedged through export credit insurance coverage.

截至二零零二年十二月三十一日止年度未計利息、稅項、折舊及攤銷前溢利(「EBITDA」)為53,206,000港元，較二零零一年之30,945,000港元上升71.9%。盈利對利息倍數，即EBITDA與總利息開支之比率，亦由二零零一年之3.8倍改善至9.6倍。

截至二零零二年十二月三十一日止年度購買機器及設備之資本開支為47,832,000港元，較二零零一年之19,916,000港元增加1.4倍。有關開支由內部產生之資源以及一般分36個月還款期之應付財務租賃支付。

本集團主要以港元、人民幣、美元及日圓進行業務交易。由於港元與美元掛鈎，而人民幣與港元之匯率並無重大波動，故本集團預期不會有重大匯率風險。倘管理

層認為日圓匯率預期出現重大波動，本集團將利用外匯遠期合約作對沖。



本集團之日常業務主要由內部資源及銀行信貸(例如信託收據貸款、透支及代收帳款)提供資金。信貸風險透過出口信用保險而對沖。

EMPLOYMENT AND REMUNERATION POLICY

At 31 December 2002, the Group had 67 members of staff in Hong Kong (2001: 69) and employed a total work force of approximately 2,171 (2001: 1,728) inclusive of its operations in China and overseas representative offices. Total headcount increased mainly due to commencement of a new production facility and the expansion of a major manufacturing base to meet increasing order flows.

Salaries, bonuses and benefits were determined with reference to market terms and the performance, qualification and experience of individual employees.

PROSPECTS AND STRATEGY

The Group will continue to adopt its strategy in intensifying its OEM business to renowned brands and developing its own "Samxon" products as a quality and high-technological brand. While strengthening its presence in the PRC, the Group will continue to expand its share in overseas markets. With keen competition in the market, the Group will strive to maintain its profit margin by manufacturing and selling high end products. Investment in equipment to manufacture more high end products and acquisition of suitable land for future manufacturing development of the Group will be considered.



僱員及酬金政策

於二零零二年十二月三十一日，本集團在香港僱有67名（二零零一年：69名）僱員，與中國之業務及海外代表辦事處合計後合共僱用2,171名（二零零一年：1,728名）僱員。總僱員人數增加，乃因新生產廠房開始投產以及擴充一個主要製造基地以應付定單增長所致。

薪酬、花紅及福利乃參考市場水平及因應個別僱員之表現、資歷及經驗而釐定。

前景及策略

本集團策略將繼續加強與知名品牌之原設備製造業務，並致力將本身「Samxon」產品發展為代表優質以及高技術之品牌。在鞏固其在中國之市場地位的同時，本集團亦繼續拓展海外市場的市場佔有率。雖然市場競爭劇烈，但本集團仍透過製造及出售更多高檔次產品而保持

邊際利潤。本集團將考慮投資於生產較高檔次產品之設備以及購買適合廠地作日後生產發展之用。