

Management Discussion and Analysis

Financial Review

The Group achieved a turnover of US\$115,405,000 for the year ended 31st December, 2002. Compared to 2001, the turnover decreased by US\$12,433,000 or 9.7%.

The Group's net profit attributable to shareholders decreased by 27% from US\$7,511,000 to US\$5,492,000. Meanwhile, net profit margin decreased from 5.88% in 2001 to 4.76% in 2002.



The basic earnings per share decreased from 1 US cent to 0.76 US cent. 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 Hong Kong cent per share for the year ended 31st December, 2002. Subject to approval at the forthcoming annual general meeting, the final dividends will be paid to shareholders whose names appear on the Register of Members on 26th May, 2003. Together with an interim dividend of 1 Hong Kong cent per share, the total dividend for the year will be 2 Hong Kong cents per share. Dividend warrants, when approved, will be sent to the shareholders on or before 2nd June, 2003.

Liquidity and Financial Resources

The Group generally finances its business needs with internal cash flows. Total assets as at 31st December, 2002 amounted to US\$162,864,000, 7% or US\$11,055,000 higher than 2001. Meanwhile, shareholders' funds increased by 4% or US\$3,857,000 to US\$106,995,000. The ratio of net bank borrowings to shareholders' funds remained at a healthy level of approximately 17%. As at 31st December, 2002, the Group had a very robust liquidity position as revealed by a current ratio of 1.49 times. There is no charge on the fixed assets of the Group.

Capital Expenditure

During the year, the Group invested US\$4,066,000 in fixed assets, of which 84% was used for the purchases of additional plant and machinery.

