

RESULTS

In the fiscal year of 2003, the Group recorded a turnover of HK\$245.4 million (2002: HK\$189.6 million) and loss attributable to shareholders of HK\$63.4 million (2002: HK\$110.6 million profit). The basic loss per share for the year was HK\$0.88 (2002: HK\$3.05 earnings per share).

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st March, 2003.

REVIEW OF THE GROUP'S OPERATION

The Group recorded a turnover of approximately HK\$245.4 million for the year ended 31st March, 2003 as compared to HK\$189.6 million for the previous year. The Group's loss from operation for the year was approximately HK\$59.6 million as compared to approximately HK\$31.1 million for the previous year.

During the year, the Group had successfully developed a new sub-contracting business of electronic parts and components and this helped to increase the Group's market share in the electronic industry market. As a result, the turnover increased by 29.4% to HK\$245.4 million. Nevertheless, the severe price war in the market squeezed the gross profit margin from 10.9% in previous year to 5.0% this year and the gross profit decreased from HK\$20.7 million in previous year to HK\$12.2 million this year.

In this competitive business environment, the Group had successfully controlled the total operating costs by decreasing the total amount by 17.3% from HK\$54.2 million in previous year to HK\$44.8 million this year. The Group's finance costs had also decreased by 78.2% from HK\$17.4 million in previous year to HK\$3.8 million this year.

Though the Group had taken necessary steps to reduce the overall costs, the non-recurring allowances for receivables and impairment losses recognised in respect of investments in securities accounted mainly for the increase of loss from operations.

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Company completed several fund raising exercises from issuance of ordinary shares and convertible bonds. These fund raising exercises enabled the Group to reduce the total borrowing from HK\$54.2 million in previous year to HK\$14.4 million this year.

At 31st March, 2003, the Group had in aggregate of HK\$7.4 million outstanding bonds and convertible bonds. The bonds with the coupon at 12% per annum will mature during the year ending 31st March, 2004. The convertible bonds with the coupon at 6% per annum payable semi-annually in arrears will mature during the year ending 31st March, 2006.

LIQUIDITY AND FINANCIAL RESOURCES *(continued)*

The Group's total borrowing as at 31st March, 2003 comprised:

	<i>HK\$'000</i>
Obligations under finance leases	6,998
Bonds and convertible bonds	7,435
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	14,433
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On this basis, the gearing ratio is calculated at 0.24 (2002: 1.3), based on an amount of shareholders' equity of HK\$60,000,000.

The Group's cash and cash equivalents amounted to approximately HK\$4.2 million as at 31st March, 2003.

After the balance sheet date, the Group raised approximately HK\$48.5 million from the issue of convertible bonds with a coupon rate at 3% per annum payable monthly in arrears and will mature during the year ending 31st March, 2004. The proceeds from this fund raising exercise will be used by the Group for working capital and long-term investments purposes in accordance with its business goal and strategy.

CONTINGENT LIABILITIES

At 31st March, 2003, the contingent liabilities of the Group were HK\$1.3 million (2002: HK\$0.5 million) in respect of bills discounted with recourse. In addition, the Company had provided guarantee to banks in respect of banking facilities utilised by its subsidiaries.

CHARGE ON GROUP'S ASSETS

At the balance sheet date, there was no charge on the Group's assets.

HUMAN RESOURCES

At 31st March, 2003, the total number of staff of the Group was around 1,300 which is more or less the same as that of previous year. Total staff costs including Directors' emoluments was amounting to HK\$37.8 million (2002: HK\$37.2 million).

The Group continues to review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the Mandatory Provident Fund Schemes and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance. A share option scheme has also been established for employees of the Group.

OUTLOOK AND PROSPECTS

It is expected that the competition in the electronic industry will remain severe. Besides, the continuous downturn in the local and global economy will give additional pressure to the Group's operating environment. Nevertheless, the Group will continue to make efforts on improving the operational efficiency and productivity in the forthcoming year.

To pursue the Company's long term business goal, the management will continue to identify good investment opportunities such as business franchises and intellectual property rights with sound and high economic and social value, particularly those relating to cutting edge biotechnology, life science, information technology and their cross applications in medicine and healthcare sectors, agriculture and other industries.