

FINANCIAL REVIEW

The Group's turnover and net profit attributable to the shareholders for the year ended 31 December 2002 amounted to approximately HK\$172,397,000 and HK\$15,807,000, represented a decrease of approximately 15% and 61%, respectively over the corresponding period in 2001. The basic earnings per share for the year under review were HK 1.4 cents.

Upon the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 27 March 2002, approximately HK\$17 million and HK\$5 million were paid as deposits for the procurement of production machinery and equipment and additions to leasehold improvements, respectively. The remaining proceeds not utilised were used in the Group's daily operations.

SEGMENTAL INFORMATION

No segmental information was disclosed as all the Group's turnover was generated from the sales of printed circuit boards ("PCBs") to Hong Kong based consumer electronic products manufacturers with production facilities in Guangdong Province, the People's Republic of China (the "PRC").

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances as at 31 December 2002 were mostly held in Hong Kong dollars. The Group's borrowings as at 31 December 2002 were made in Hong Kong dollars and bore interest at prime rate or HIBOR plus 1% per annum. As at 31 December 2002, the Group's borrowings amounted to approximately HK\$13.8 million, all of which was repayable within one year. The gearing ratio of the Group as at 31 December 2002, calculated as a ratio of total interest-bearing borrowings to total assets, was approximately 10%. Net current assets as at 31 December 2002 was approximately HK\$32,095,000 and current ratio was maintained at a level of approximately 200%. As the Group's transactions are mostly settled in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, the Group does not consider the use of financial instruments for hedging purposes is necessary.

CONTINGENT LIABILITIES

As at 31 December 2002, the Company provided corporate guarantees to banks in connection with facilities granted to its subsidiaries and the banking facilities were utilised to the extent of approximately HK\$14 million.

Those facilities were over after September 2003.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2002, the Group had 5 staff working in Hong Kong. In addition, 453 workers were employed by the Group in the PRC at a factory located in Dongguan.

The Group remunerates its employees largely based on industry practice. Remuneration packages comprise salary, commissions and bonuses based on individual performance.

The Group operates a share option scheme for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. During the year ended 31 December 2002, no options were granted under the share option scheme.

FUTURE PLANS

The Group will be concentrating on the PCB manufacturing and sales business in the immediate future. Due to a limitation of resources, the Management will maintain a small scale operation. Instead of expansion, the Management will concentrate the Group's resources on traditional PCB business. Apart from focusing on controlling and reducing costs, focusing on improving customer service will still be one of goals of the Management.