

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Group's turnover and net loss attributable to the shareholders for the year ended 31 December 2003 amounted to approximately HK\$32,430,000 and HK\$86,470,000, represented a decrease of approximately 81% and 647% respectively over the corresponding period in 2002. The basic earnings per share for the year under review were HK -7.2 cents.

The principal bankers of the Company required early settlement of short and middle term bank loans. Approximately HK\$13 million had been fully settled at 30 September 2003. The Group had no outstanding bank loans as at 31 December 2003.

### SEGMENT INFORMATION

No segmental information was disclosed as all of the Group's turnover was generated from the sales of PCBs to Hong Kong based electronic products manufacturers with production facilities in Guangdong Province, the PRC.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances as at 31 December 2003 were mostly held in Hong Kong dollars. As at 31 December 2003, the Group had no outstanding borrowings. The gearing ratio of the Group as at 31 December 2003, calculated as a ratio of total interest-bearing borrowings to total assets, was approximately 0%. Net current liabilities as at 31 December 2003 was approximately HK\$27,294,000 and current ratio was maintained at a level of approximately 25%. As the Group's transactions are mostly settled by 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 2003, the Company provided corporate guarantees to banks in connection with facilities granted to its subsidiaries to the extent of approximately HK\$20 million. All bank facilities were settled at the end of 2003. All bank facilities and corporate guarantees were cancelled before April 2004.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2003, the Group had 3 staff working in Hong Kong. In addition, 262 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 2003, no options were granted under the share option scheme.

### FUTURE PLANS

Reorganisation and re-engineering will be major topics for the Management in 2004. The goal of 2004 is to solidify cash flow of the Group. The Management expects that the Group will earn profit in 2005 again.