

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Group's turnover and net loss attributable to the shareholders for the year ended 31 December 2004 amounted to approximately HK\$20,166,000 and HK\$13,716,000, represented a decrease of approximately 37% and 84% respectively over the corresponding period in 2003. The basic losses per share for the year under review were HK1.14 cents.

The Group had no outstanding bank loans as at 31 December 2004.

### 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 2004 were mostly held in Hong Kong dollars. As at 31 December 2004, the Group had no outstanding borrowings. The gearing ratio of the Group as at 31 December 2004, calculated as a ratio of total interest-bearing borrowings to total assets, was 0%. Net current liabilities as at 31 December 2004 was approximately HK\$26,698,000 and current ratio was maintained at a level of approximately 22.9%. 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.

### CAPITAL STRUCTURE

There was no change in the capital structure during the year.

### MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

The Group has disposed one of its subsidiaries during the year.

### CONTINGENT LIABILITIES

The Group has disposed one of its subsidiaries and the Company provides indemnity to the buyer of the subsidiary company for all losses or claims from third parties. Details of the contingent liabilities are set out in the note 20 to the financial statements on page 19.

### CHARGE ON ASSETS

During the year, there were no charges on the Group's assets.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2004, the Group had 2 staff working in Hong Kong. In addition, 210 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 2004, no options were granted under the share option scheme.

### FUTURE PLANS

In this year, we will continuously restructure our business. We will put more effort on sales and marketing. It will lead the group to cut more operation cost and concentrate the resource. We believe that we will get a better result at the end of the year 2005 if the restructuring succeed.