

Management Discussion and Analysis

Liquidity and Financial Resources

The Group is in a healthy financial position. The Group generally financed its operation with internally generated cash flow and banking facilities. As at 30 April 2001, it has bank borrowing of HK\$6 million (2000: HK\$20 million) and net cash on hand of about HK\$19 million (2000: HK\$33 million). Certain investment properties with an aggregate carrying value of HK\$2 million (2000: HK\$2 million) and fixed deposit of HK\$12 million (2000: HK\$16 million) were pledged to secure banking facilities granted to the Group.

The Group's gearing ratio (total interest-bearing borrowings over shareholders' funds) was 10% (2000: 18%) and the current ratio (current assets over current liabilities) maintained at 225% (2000: 226%). The cash position has been further strengthened thanks to a successful placement in June 2001, which raised HK\$17 million for general working capital.

As the Group's transactions are mainly denominated in Hong Kong dollars and United States dollars, and the related exchange rate during the year was relative stable, accordingly, its exposure to exchange rate fluctuations is minimal.

Prices and materials

While the Group has sought to keep tight controls on costs, some costs were beyond its control. Prices for copper wire and steel are still high, keeping pressure on margins, while high oil prices have kept upward pressure on plastic, one of the key material for the Group's business. During the period under review, the Group refrained from passing on higher material prices to customers so that it could expand market share.

Employees and Remuneration Policies

As at 30 April 2001, the Group employed a total of approximately 2,500 employees. They were remunerated in line with market conditions and the job requirements. Other employee benefits available for eligible employees included year-end payment, staff canteen, mandatory provident fund, share option and medical insurance scheme.

Quality assurance

The Company is committed to meeting the highest international standards in both manufacturing and environmental matters. It has directed research efforts to designing and building affordable and energy efficient devices that are smaller, lighter and greener. The Company won ISO 14001 certification in March 2000 in recognition of its environmental achievement. The Group will introduce use of lead-free soldering bar and formulate plan to phase out diesel generators. The Group also aims to achieve ISO 9001 certification in early 2002, further to ISO 9002 obtained in 1997.