

RESULTS

In the year under review, the Group recorded a turnover of HK\$189.6 million (2001: HK\$218.7 million) and profit attributable to shareholders of HK\$110.6 million (2001: HK\$27.5 million loss). The basic earning per share for the year was HK1.5 cents as compared with basic loss per share of HK7.7 cents for 2001.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st March, 2002.

REVIEW OF THE GROUP'S OPERATION

Audited financial results of the Group for the year ended 31st March, 2002 reflected a profit of HK\$110.6 million while the same figure was a loss of HK\$27.5 million last year. This was mainly the result of a restructuring profit of HK\$158.2 million and an operating loss after taxation including finance costs totalling HK\$47.6 million. The gradual downturn of the electronic industry has led to the decrease in the Group's turnover to HK\$189.6 million (2001: HK\$218.7 million), representing a decrease of 13.3% as compared with 2001.

For the current year, the manufacturing business showed a decline of 12.5% to a turnover of HK\$182.4 million whereas the sourcing and distribution business also showed a decline of 29.1% to a turnover of HK\$7.2 million.

Loss from operations amounted to HK\$31.1 million compared with operating loss of HK\$7.9 million last year principally as a result of decrease in gross profit and increase in expenses. Finance costs decreased by some 10.8% to HK\$17.4 million.

MANUFACTURING BUSINESS

Since the beginning of 2001, the Group's business was again affected by the downturn of the global demand for electronic parts. This phenomenon is believed to stay on until the end of year 2002. Management of the Group was well aware of this situation and steps were implemented to tighten the overall cost control, to broaden its customer base and to enlarge the overseas market coverage in order to maintain the Group's competitive edge in the market.

INVESTMENT IN HAMILTON APEX TECHNOLOGY VENTURES, L.P. ("HAMILTON APEX")

During the year, the Group invested US\$2.7 million (equivalent to HK\$21,026,000) in Hamilton Apex, a Delaware Limited Partnership based in San Diego, California. Hamilton Apex is licensed under the Small Business Investment Act of 1958, as amended, as a Small Business Investment Company for the purpose of investing in debt or equity securities of U.S. companies and receives a 2:1 matching funding from the US Government.

LIQUIDITY & FINANCIAL RESOURCES

- As at 31st March, 2002, the Group had in aggregate HK\$41.5 million outstanding bonds and convertible notes (2001: Bank loans and other borrowings amounted to HK\$130.5 million).

Total borrowing of the Group as at 31st March, 2002 comprised:

	<i>HK\$'000</i>
Obligations under finance leases	12,727
Bonds and convertible notes	41,500
	<hr/>
	54,227

On this basis, the gearing ratio is calculated to 1.3, based on an amount of shareholders' equity of HK\$41,592,000.

The Group's cash and bank balances amounted to approximately HK\$11.5 million as at 31st March, 2002 (2001: HK\$2.7 million).

- The contingent liabilities of the Group as at 31st March, 2002 were HK\$0.5 million (2001: HK\$0.5 million) of bills discounted with recourse. In addition, the Company has provided guarantee to the landlord of a rented premises of one of its subsidiaries which the subsidiary will duly observe and perform all terms and conditions and will pay all monies in accordance with the tenancy agreement.

OUTLOOK AND PROSPECTS

The conditions for the operation of manufacturing, sourcing and distribution of electronic parts have remained to be competitive and the Group will continue to improve the operation despite the difficult economic environment.

As stipulated in the restructuring during the fiscal year, the Group has transformed its principal business into investment holdings in knowledge-based economy. The Group currently focuses on identifying and investing in the highest value and soundest intellectual property assets, particularly those relating to cutting edge biotechnology, life science, information technology and their cross applications in medicine, agriculture and other industries.

EMPLOYEES

At 31st March, 2002, the total number of staff of the Group was 1,300. Total staff costs including Directors' emoluments, amounted to HK\$33.7 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.