



BUSINESS REVIEW

The turnover for the current year increased by 6% to HK\$181,511,000. The minimal increase in turnover was mainly caused by the reduction in both the unit selling price and the volume of the customer orders for printed circuit boards ("PCB") as a result of the sluggish global demand for electronic and telecommunication products. The impact was particularly obvious during the second half of the current year.

Despite the fall in the unit selling price for PCB, the Group was able to maintain its gross profit margin at about 12%. This was achieved by means of the following measures:

- (1) increasing the proportion of multi-layer PCB produced with higher unit selling price and gross profit margin;
- (2) exercising more tight control on the consumption of production overheads; and
- (3) lowering the raw material purchase cost through negotiating with existing suppliers or sourcing from alternative supplier.

On 15 April 2002, a subsidiary of the Group concluded and entered into a sale and purchase agreement with an independent third party to dispose of its entire interests in a company engaging in the invention and development of voice-interactive vehicle navigation systems. The Group originally intended to hold the investment for long term. Due to the change in market condition, the Board considered reasonable to dispose of the investment as soon as possible and to utilise the proceeds from the disposal to finance the Group's PCB manufacturing operation. The gross proceeds from the disposal was USD780,000 which was equivalent to about one-third of the Group's original investment cost. The transaction was completed on the same date and the gross proceeds from the disposal had been received. Hence, an impairment loss of HK\$12,501,000 was recognised in the current year consolidated results.

業務回顧

本年度之營業額上升6%至港幣181,511,000元。營業額增幅較少之主要原因為全球對電子及通訊產品之需求表演呆滯，引致綫路板之銷售單價及客戶訂單之規模皆有所下降，而有關影響在本年度下半年之期間尤其顯著。

儘管綫路板之銷售單價有所下降，本集團仍能透過下列措施保持約12%之毛利率。

- (1) 增加生產較高銷售單價及毛利率之多層綫路板之比例；
- (2) 加強控制生產成本之消耗；
- (3) 與現時供應商磋商或向另一可選擇之供應商購買以減低原材料之採購成本。

於二零零二年四月十五日，本集團一附屬公司與一名獨立第三者簽訂一份買賣協議，出售其於一間從事發明及發展語音互動汽車導航系統之公司內之全部權益。本集團原先希望長期持有該項投資，但由於市場環境有所改變，故董事會認為盡快出售該項投資乃屬合理之決定，同時並可利用出售該項投資之所得款項提供資金予本集團之綫路板生產業務。減除費用前出售所得款項為美元780,000，約相當於本集團原先投資成本的三分之一。此項交易於當日完成，而本集團亦已收到出售所得款項。因此，本年度綜合業績內確認減值虧損港幣12,501,000元。



BUSINESS REVIEW (Continued)

In order to enhance its PCB production capability and capacity, the Group had set up a new and larger PCB plant during the current year in Huizhou of the People's Republic of China ("P.R.C."). The new PCB plant is equipped with highly automated machines for the manufacture of more delicate PCB. However, most of these machines were under the testing and commissioning stage during the current year. The Group had purchased machinery and equipment for the new plant costing about HK\$90 million out of which about HK\$48 million was financed by finance leases and hire purchase contracts while the balance was financed by the Group's internal resources.

Daisho Denshi Co. Ltd. ("Daisho Denshi") has become a substantial shareholder of the Company holding approximately 10.7% of the share capital of the Company since 4 October 2001. Daisho Denshi is one of the biggest PCB suppliers in Japan manufacturing delicate PCB for numerous world-renowned electronic and telecommunication product customers. During the current year, Daisho Denshi has seconded a number of management and engineers to the Group's PCB plants to help improve the factory management skill on the one hand and resolve the issues associated with the manufacture of delicate PCB on the other hand. Daisho Denshi has also introduced a number of its existing world-renowned customers to the Group to help create business opportunities.

FINANCIAL REVIEW

Apart from the assets held under finance leases and hire purchase contracts, certain machinery and equipment of the Group were pledged to secure the medium term loan facilities in last year. As at 31 March 2002, the net book value of assets held under finance leases and hire purchase contracts was HK\$59,239,000 (2001: HK\$1,206,000) while the net book value of assets pledged to secure the medium term loan was HK\$11,806,000 (2001: HK\$15,406,000).

業務回顧 (續)

為加強綫路板之生產能力，本集團於本年度內已於中國惠州市成立一幢更大之新廠房。該新廠房現時已配備高度自動化之機器以生產更精密之綫路板，然而，有關機器於本年度內大部份仍處於測試及調校之階段。本集團已為新廠房購買價值達港幣9仟萬元之機器及設備，當中約港幣4仟8佰萬元之融資源自融資租約及租購合同，餘額由本集團之內部資源支付。

大昌電子株式會社（「大昌電子」）從二零零一年十月四日起成為本公司之主要股東並持有本公司約10.7%之股本。大昌電子乃日本最大之綫路板供應商之一，主力製造精密之綫路板供應許多世界知名之電子及通訊產品客戶。大昌電子於本年度內調動其若干管理人員及工程師到本集團之綫路板廠房，一方面協助本集團改善廠房之管理技巧，另一方面協助本集團解決涉及生產精密綫路板之難題；大昌電子亦同時介紹其現時世界知名之客戶予本集團為本集團創造商機。

財務回顧

除了按融資租約及租購合同持有之資產外，本集團若干機器及設備已作為上年度獲取中期貸款之抵押品。於二零零二年三月三十一日，以融資租約及租購合同持有之資產賬面淨值為港幣59,239,000元（二零零一年：港幣1,206,000元）；而作為獲取中期貸款之抵押品資產賬面淨值為港幣11,806,000元（二零零一年：港幣15,406,000元）。



FINANCIAL REVIEW (Continued)

The finance leases and hire purchase contracts were either denominated in HK\$ or US\$, repayable monthly over 3 years and subjected to floating interest rates. As at 31 March 2002, the total principal amount of the finance leases and hire purchase contracts was HK\$36,918,000 (2001: HK\$189,000) out of which HK\$16,073,000 (2001: HK\$189,000) was payable within the next 12 months. The medium term loan was denominated in HK\$, repayable monthly over 3 years and subjected to floating interest rate. As at 31 March 2002, the total principal amount of the medium term loan was HK\$8,023,000 (2001: HK\$12,491,000) out of which HK\$4,945,000 (2001: HK\$4,468,000) was payable within the next 12 months. The Group has not adopted any interest rate hedging tool for both facilities because the low interest rate environment is likely to persist in the foreseeable future.

As at 31 March 2002, the Group's current assets and total liabilities were mostly denominated in either HK\$ or US\$. Besides, the Group's PCB plants all locate in the P.R.C. Hence, the Group's net exposure to fluctuation in exchange rate was insignificant and no foreign currency hedging tool was adopted.

As at 31 March 2002, the Group's gearing ratio (i.e. the ratio between the total liabilities to shareholders' fund) was 0.85 times (2001: 0.40 times) while the Group's current ratio was 0.81 times (2001: 1.96 times). The changes in these financial ratios were primarily resulted from the purchase of machinery and equipment for the new PCB plant and the associated financing arrangement has been mentioned under "Business Review" above. Because the Group can generate net cash inflow from operating activities, these financial ratios will be improved during the year ahead.

財務回顧 (續)

融資租約及租購合同均以港幣或美元為結算單位、於3年期內每月償還及以浮動息率計算利息；於二零零二年三月三十一日，融資租約及租購合同之總本金數額為港幣36,918,000元（二零零一年：港幣189,000元），當中港幣16,073,000元（二零零一年：港幣189,000元）需於未來十二個月內償還。中期貸款以港幣為結算單位、於3年期內每月償還及以浮動息率計算利息；於二零零二年三月三十一日，中期貸款之總本金數額為港幣8,023,000元（二零零一年：港幣12,491,000元），當中港幣4,945,000元（二零零一年：港幣4,468,000元）需於未來十二個月內償還。由於在可見將來低利率之環境很可能持續，故此本集團並無因應上述信貸採用任何利率對沖工具。

於二零零二年三月三十一日，本集團之流動資產及總負債大部份均以港幣或美元為結算單位；此外，本集團之綫路板廠房全位於中國境內。故此本集團因匯率波動而承受之風險並不重大，亦因此並無採用外匯對沖工具。

於二零零二年三月三十一日，本集團之負債與資本比率（即是總負債與股東權益之比率）為0.85倍（二零零一年：0.40倍），而本集團之流動比率為0.81倍（二零零一年：1.96倍）。此兩項財務比率之變動主要由於本集團為新綫路板廠房購買機器及設備所致，有關融資之安排已於上文「業務回顧」中提及。因為本集團能夠在經營業務中產生淨現金流入，故此兩項財務比率於來年中將有所改善。



OUTLOOK

In light of the sluggish global demand for electronic and telecommunication products for the time being, the competition in the PCB industry will remain keen during the year 2002. The Group has been determined to find the way out by upgrading its PCB production capability and capacity.

Most of the machines for the new PCB plant have passed the testing and commissioning stage during the first quarter of the financial year ending 31 March 2003 and they have been deployed for mass production of PCB afterwards. The new PCB plant is now capable of producing PCB with 6-layer or up in a sizeable volume with acceptable yield rate. Barring unforeseen circumstance, the turnover of the Group will grow further in the year ahead because more delicate and multi-layer PCB with higher unit selling price and gross profit margin will be produced by the Group.

Many multinational corporations have production bases in the P.R.C. already and more corporations will invest in the P.R.C. to explore the growing market there. Having PCB manufacturing experience and establishment in the P.R.C. for over 10 years, the Group will continue to benefit from conducting more local sales of PCB in the P.R.C. to these multinational corporations.

前景

由於現時全球對電子及通訊產品之需求表演呆滯，故此綫路板行業於二零零二年内將仍然競爭激烈。本集團已決心透過提升綫路板之生產能力以尋找出路。

新綫路板廠房大部份之機器在二零零三年三月三十一日止財政年度之第一季已通過測試及調校之階段，並開始投入大量生產綫路板，新綫路板廠房現時已能夠在可接受之成功率下大量生產6層或以上之綫路板。如無不可逆料之情況，本集團之營業額於來年將因為生產更多較高銷售單價及毛利率之精密及多層綫路板而進一步增長。

許多跨國企業已於中國境內設立生產基地，而更多企業將投資於中國以開拓當地日益壯大之市場。本集團於中國成立具規模之綫路板廠房生產綫路板已起過十年，預期將可繼續受惠於在中國內銷更多之綫路板予該等跨國企業。