



**Chau Lai Him**  
*Chairman*

## RESULTS

For the year ended 31 March 2003, the total turnover of the Group amounted to approximately HK\$946.2 million, representing an increase of approximately 8.1% over HK\$875.5 million for the previous year. The profit from operations was approximately HK\$48.7 million and the profit attributable to shareholders was approximately HK\$9.7 million. The earnings per share of the year was approximately HK5.2 cents. The Group recorded a loss of HK\$79.5 million for the previous year.

## BUSINESS REVIEW

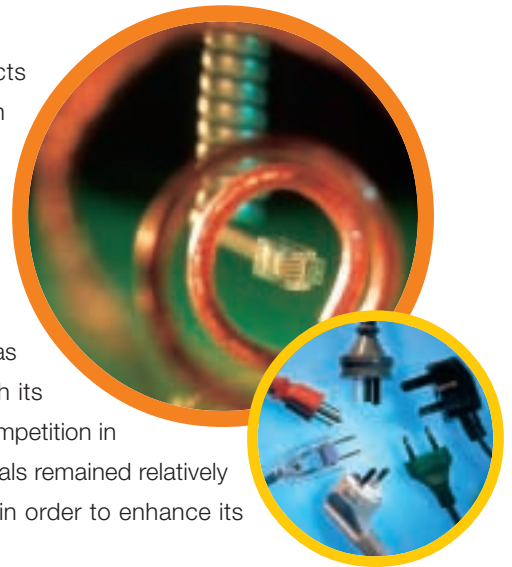
The increase in net profit during the year under review was attributable to three reasons. Firstly, the sales in the Asia Pacific region and North America recorded a substantial increase, resulting in a satisfactory increase in the Group's sales. Secondly, the Group had taken strategic measures to adjust its marketing strategies in previous financial years. Thirdly, the Group reduced its operating expenses by the strict cost control measures implemented in previous financial years.

In terms of the business segment, the sales of cable and wire products during the year were approximately HK\$596.9 million, representing an increase of approximately 9.7% over HK\$543.9 million for the previous year. The sales of copper rod products during the year were approximately HK\$267.3 million, representing a decrease of approximately 1.7% over HK\$271.9 million for the previous year. The sales of connectors and terminals during the year were approximately HK\$81.8 million, representing a substantial increase of approximately 37.2% over HK\$59.6 million for the previous year. When only the sales of approximately HK\$678 million from cable and wire products and connectors and terminals during the year under review were taken into consideration, there was an increase in sales of approximately 12.4% over HK\$603 million for the previous year.

In terms of the geographical segment, the sales in the PRC and Hong Kong increased to approximately HK\$555.5 million, representing approximately 58.7% of the Group's sales. The sales in North America increased by approximately 21.2% over that of the previous year to approximately HK\$214.7 million, representing approximately 22.7% of the Group's sales. The sales in other Asian markets increased by approximately 11.6% to approximately HK\$121.8 million, representing approximately 12.9% of the Group's sales. The sales in Europe were approximately HK\$54 million, representing approximately 5.7% of the Group's sales.

## Cable and Wire Products

During the year under review, the turnover of cable and wire products recorded an increase in most of the Group's major markets, except in Europe where the sales fell slightly. The results for the Asia Pacific region and North America were particularly promising mainly due to continuous efforts made by the Group and its active venture into new businesses in these regions, with a focus on markets in the United States, Canada and Southeast Asia. The US sales office of the Group supplied wire products to several large local manufacturers of electrical appliances and there was still much room for business expansion. As a result, increases in both its sales and market share were recorded. In the Greater China market, competition in product price and quality were more intense. As the price of raw materials remained relatively high, the Group had to control costs while improving product quality in order to enhance its competitiveness.



## Copper Rod Products

During the year under review, the Group's turnover from copper rod operations recorded a slight fall of approximately 1.7% from the previous year due to the large scale maintenance of machinery and equipment and consolidation of internal operations conducted in May and June of 2002.

However, the average monthly sales of copper rod operations during the year under review recorded an effective increase of approximately 18% over that of last year. This shows that the copper rod operations experienced a rapid growth towards the end of the year under review. Leveraging on its excellent production facilities imported from the United States and high standard in production management, the Group can accommodate an additional 50% or more growth in business under the support of its existing facilities. The management believes that in the long run the copper rod operations will make contributions to the Group's results.



## Connectors and Terminals

The Group's Singapore-based subsidiary has been making contribution to the profit of the Group since its establishment in 1999. Sales had increased from initially approximately HK\$9 million to approximately HK\$81.8 million this year and such results were encouraging. Notwithstanding that connectors and terminals currently account for only a small proportion of the operations of the Group, their weightings have been increasing annually. This may serve as an important indication to the Group of its direction for future business development.

## PROSPECTS

Cable and wire products are essential to our daily lives. However, competition has become more intense under the present difficult business environment. Clients now demand reduction in terms of the lead time as well as prices. In view of these, the Group must continue to tighten cost control, cut expenditure, improve efficiency, strengthen material procurement and focus on research and development of new products.

In the future, the Group will continue to use its best endeavours to further develop its core businesses. The Group will deepen its understanding of the markets to command a positive market response for its products. Clients in the Greater China region and in Europe and North America are of equal importance to the Group. The Group is therefore trying to maintain the optimal balance among its various clients with their respective needs satisfied. Notwithstanding the increasing competition among local manufacturers in the PRC, the Group is confident that it will be able to excel all competitors with its excellent product quality and outstanding services. The Group will consistently adhere to its quality standard in the future.

## CAPITAL STRUCTURE

During the year, the Group undertook a capital reorganisation resulting in reduction of capital, consolidation of shares and cancellation of share premium. The nominal value of all issued shares of HK\$0.01 each of the Company was reduced by HK\$0.0099 per share by cancelling an equal amount of paid-up capital so that the nominal value of each such share ("Reduced Share") was reduced to HK\$0.0001. The issued share capital of the Company of HK\$189,584,000 was reduced to HK\$1,896,000 and the credit arising from the reduction of HK\$187,688,000 was credited to the contributed surplus account of the Company which was then applied to set off against accumulated losses of the Company. Every 100 issued Reduced Shares of HK\$0.0001 each were consolidated into one share of HK\$0.01 each ("Consolidated Share"). Accordingly, 189,584,362 Consolidated Shares of HK\$0.01 each were in issue after the consolidation. The share premium account of the Company was cancelled and the credit arising was credited to the contributed surplus account of the Company which was then applied to set off the accumulated losses of the Company.

## EMPLOYEES

As at 31 March 2003, the Group had approximately 4,800 employees in Hong Kong, the PRC and overseas. Remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.



## LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group implemented sound financial management policy. As at 31 March 2003, the Group had cash on hand of approximately HK\$119 million and net current assets value being over HK\$240 million. Short and long term loans totalled approximately HK\$216 million against net assets of approximately HK\$775 million, representing a gearing ratio of 0.28.

The transactions of the Group are mostly denominated in HK\$, US\$ and RMB. As the exchange rates of these currencies have been relatively stable, the Group was therefore not exposed to any significant exchange risk.

## PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2003, the Group pledged certain land and buildings, plant and equipment, fixed deposits and trade debtors with an aggregate net book value of HK\$166 million to secure general banking facilities granted to the Group.

As at 31 March 2003, the Company has guaranteed the banking facilities granted to its subsidiaries amounting to approximately HK\$153 million.

## CLOSURE OF REGISTERS OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2003 Annual General Meeting, the register of members will be closed from Wednesday, 20 August 2003 to Friday, 22 August 2003, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company branch registrar in Hong Kong, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 19 August 2003.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2003.

## AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements.



## COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the year ended 31 March 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

## APPRECIATION

On behalf of the Board, I would like to thank our customers for their support and express our sincere appreciation to our shareholders, staff, suppliers and bankers for their efforts and commitments during the year.

By order of the Board

**Chau Lai Him**

*Chairman*

Hong Kong SAR, 11 July 2003