

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the current period, the global printed circuit boards (“PCB”) market was less than satisfactory due to the sluggish demand for electronic and telecommunication products. There was keen competition in the PCB industry and the PCB selling price was continuously driven downwards. As compared to the corresponding period, the average selling price for 2-layer and 4-layer PCB sold by the Group was reduced by 17% and 12% respectively.

Despite the fall in the PCB selling price, the Group’s turnover for the current period jumped by 23% as a result of the increase in the PCB sales volume and the increase in the proportion of multi-layer PCB sold with comparatively higher selling price. The PCB sales volume increased by 42% mainly because of the Group’s strong customer base and the fast-growing market in the P.R.C.. The increase in the proportion of multi-layer PCB sold to about 60% in money terms was directly related to the full deployment of the Group’s new PCB plant which was capable of producing more delicate multi-layer PCB from the second quarter of the current financial year.

In spite of the fall in the PCB selling price, the Group could still achieve the gross profit margin for the current period at about 13% which was slightly higher than that for the last financial year. This was made possible mainly by means of negotiating with existing suppliers for lower raw material purchase cost on the one hand and increasing the proportion of multi-layer PCB sold with comparatively higher gross profit margin on the other hand.

During the current period, the Group’s administrative expenses decreased sharply by about 41% primarily because of the various measures taken since October 2001 to streamline the human resource and to control the staff cost.

FINANCIAL REVIEW

The Group’s current ratio at 30 September 2002 and 31 March 2002 was 0.88 times and 0.81 times respectively. The Group’s gearing ratio (i.e. the ratio between the aggregate of the current liabilities and non-current liabilities to shareholders’ fund) at 30 September 2002 and 31 March 2002 was 0.89 times and 0.85 times respectively. Because the Group can generate net cash from the operating activities, these financial ratios will be gradually improved.

As at 30 September 2002, the Group’s current assets and total liabilities were mostly denominated in either Hong Kong dollars (“HK\$”) or United States dollars (“US\$”). Besides, the Group’s PCB plants were all located in the P.R.C. and the exchange rate of Renminbi has remained fairly stable. Hence, the Group’s net exposure to fluctuation in exchange rates was insignificant and no foreign currency hedging tool was adopted.

管理階層之討論及分析

業務回顧

在本期間內，全球綫路板市場因為電子及通訊設備產品之呆滯需求而表現未如理想。綫路板業內面對激烈之競爭，致使綫路板之銷售價不斷下調。比對去年度同時期，本集團2層及4層綫路板之平均銷售價分別下調17%及12%。

雖然綫路板之銷售價有所下調，但在增加綫路板之銷售量及增加相對較高銷售價之多層綫路板所佔比例下，本集團本期間之營業額仍有23%之增長。綫路板之銷售量增加42%，主因本集團強大之客戶基礎及快速增長之中國市場。以營業額計算，多層綫路板所佔比例能增至約60%，直接與本集團可生產更精密多層綫路板之新廠房於本財政年度第二季開始能全面投產有關。

雖然綫路板之銷售價有所下調，本集團本期間仍能達致約13%之毛利率，稍高於去年度全年之毛利率，主因一方面與現時供應商商討更低之原材料採購價，另一方面增加銷售較高毛利率之多層綫路板所佔比例。

在本期間內，本集團之行政開支大幅減少約41%，主因從二零零一年十月起採取多項提高人力資源效率及控制員工成本之措施。

財務回顧

本集團之流動比率於二零零二年九月三十日及二零零二年三月三十一日分別為0.88倍及0.81倍。本集團之負債與資本比率（即是總負債與股東權益之比率）於二零零二年九月三十日及二零零二年三月三十一日分別為0.89倍及0.85倍。因為本集團能夠在經營業務中產生淨現金，故此兩項財務比率將可逐步改善。

於二零零二年九月三十日，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，而人民幣之匯率仍保持十分穩定。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。

The total outstanding balances of the finance leases and hire purchase contracts along with other loans as at 30 September 2002 amounting to HK\$34,470,000 out of which HK\$20,722,000 were repayable within the next 12 months. They were either denominated in HK\$ or US\$, repayable monthly over 3 years and subjected to floating interest rates. The Group has not adopted any interest rate hedging tool for these borrowings because the low interest rate environment is likely to persist in the foreseeable future. Certain plant and equipment of the Group with net book value of HK\$66,916,000 as at 30 September 2002 were pledged to secure these borrowings.

OUTLOOK

Because the world economic climate prevailing at the present moment is uncertain, the global demand for electronic and telecommunication products lacks the momentum to grow fast. All PCB manufacturers around the world will continue to confront the keen competition in the year ahead.

In light of the challenge, the Group plans to continue the business strategies which were proved effective for the current period. Firstly, the Group plans to increase gradually the proportion of delicate multi-layer PCB sold with comparatively higher selling price and gross profit margin. Secondly, the Group plans to conduct more sales of PCB to large and fast-growing corporations in the P.R.C. with the help of the Group's strong customer base and business network.

於二零零二年九月三十日，融資租約及租購合同與其他有抵押貸款之總結欠為港幣34,470,000元，當中港幣20,722,000元需於未來十二個月內償還。有關借貸均以港幣或美元為結算單位、於三年期內每月償還及以浮動息率計算利息。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借貸採用任何利率對沖工具。本集團於二零零二年九月三十日賬面淨值為港幣66,916,000元之若干機器及設備已作為有關借貸之抵押品。

前景

因為現時全球經濟氣候並不明朗，故全球對電子及通訊設備產品之需求缺乏快速增長之動力，環球所有綫路板製造商於來年將持續面對激烈之競爭。

面對此項挑戰，本集團計劃沿用本期間內證明有效之商業策略。首先，本集團計劃逐步增加銷售相對較高銷售價及毛利率之精密多層綫路板之比例。其次，本集團計劃在強大客戶基礎及商業網絡之支援下增加銷售綫路板予於中國有快速增長之大型企業。