



The Directors submit their report together with the audited accounts for the year ended 31st December 2002.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the manufacturing and trading of electric cable and wire products. The activities of the subsidiaries are set out in note 28 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out below:

	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Turnover	219,393	212,785	241,130	205,510	227,635
Profit/(loss) attributable to shareholders	16,950	23,269	4,710	(10,690)	8,754
Total assets	178,895	194,343	219,056	186,081	186,903
Total liabilities	(33,478)	(65,164)	(89,146)	(72,471)	(66,529)
Shareholders' funds	145,417	129,179	129,910	113,610	120,374

ANALYSIS OF THE GROUP'S PERFORMANCE

An analysis of the Group's performance is shown in the Chairman's Statement on pages 9 to 11.



MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

	2002 %	2001 %
Purchases		
– the largest supplier	19	15
– five largest suppliers combined	60	48
Sales		
– the largest customer	20	19
– five largest customers combined	36	32

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 23.

The directors have declared an interim dividend of HK\$0.01 per ordinary share, totalling approximately HK\$1,990,000, which was paid on 10th October 2002.

The directors recommend the payment of a final dividend of HK\$0.01 per ordinary share, totalling approximately HK\$1,990,000.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in the note 19 to the accounts.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 20 to the accounts.

DISTRIBUTABLE RESERVES

At 31st December 2002, the distributable reserves of the Company amounted to HK\$92,892,000 (2001: HK\$94,785,000).

DONATIONS

Charitable donations made by the Group during the year amounted to HK\$538,000 (2001: HK\$552,000).



FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 11 to the accounts.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there are no restriction against such rights under the laws of Bermuda.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year.

ANALYSIS OF BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The Group's bank loans, overdrafts and other borrowings as at 31st December 2002 are repayable over the following periods:

	Bank loans	Other borrowings	Total
	HK\$'000	HK\$'000	HK\$'000
On demand or not exceeding one year	1,912	14,630	16,542
More than one year but not exceeding two years	1,203	83	1,286
More than two years but not exceeding five years	3,873	–	3,873
More than five years	3,061	–	3,061
	10,049	14,713	24,762

The Group did not have any other bank loans as at 31st December 2002, except for trust receipt loans which were included in other borrowings as stated above.



DIRECTORS

The Directors during the year were:

Executive Directors

MON Chung Hung (*Chairman*)
KOO Di An, Louise (*Deputy Chairman*)
SIU Yuk Shing, Marco
LI Ho Cheong
LI Man Wai

Independent Non-Executive Directors

LAM Hon Mo, Frederick
LAU Chun Kay

LAU Chun Kay retires in accordance with clause 111(A) of the Company's Bye-laws and, being eligible, offer himself for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out as follows:

Executive Directors

Mr Mon Chung Hung, aged 52, is the Chairman of the Company. He is the founder of the Group and has over 25 years of experience in the electric cable and wire industry. He is responsible for the Group's overall strategic planning and policy making.

Ms Koo Di An, Louise, aged 51, is the Deputy Chairman and the Administration Director of the Company. She joined the Group in 1979 and is responsible for the overall administration of the Group. She is the wife of Mr Mon.

Mr Siu Yuk Shing, Marco, aged 44, is the Sales Director and is responsible for sales of the Group's products and product development. He joined the Group in 1986 and has over 15 years of experience in the electric cable and wire industry.

Mr Li Ho Cheong, aged 51, is the Marketing Director of the Company and is responsible for marketing of the Group's products and developing overseas clients and also developing new cables for the computer sector. He joined the Group in 1997 and has over 23 years of experience in the cable and wire industry.

Ms Li Man Wai, aged 48, is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom and a Fellow of the Hong Kong Society of Accountants. She has more than 28 years of experience as a senior executive in finance and accounting primarily for manufacturing and trading companies. She also is experienced in office and factory management and for 11 years specialised in production and material control, and sales and marketing in China. She joined the Group in 2001 mainly responsible for finance and administration.



Independent Non-Executive Directors

Mr Lam Hon Mo, Frederick, aged 55, has been a practicing solicitor in Hong Kong for over 25 years. He is a senior partner of Liu, Chan and Lam, a firm of solicitors in Hong Kong.

Mr Lau Chun Kay, BSc, MBA, MIEE, MHKIE, aged 54, is a Director of Analogue Holdings Ltd., an engineering group. He holds a master degree in business administration and a bachelor degree in electrical engineering from the University of Hong Kong, and is a registered professional engineer. Mr Lau is also the President of the Hong Kong Electrical Contractors' Association, and President of The Federation of Asian and Pacific Electrical Contractors Associations. He has over 30 years of experience in management and engineering.

Senior Management

Ms Wong Wai Ping, aged 51, is the Group's General Manager – Sales and Marketing and is responsible for the Group's overall management and operation. She joined the Group in 1993 and has over 28 years of experience in the electric cable and wire industry and electronics and communications industry.

Mr Tang Chi Wai, CPA(Aust.) of CPA Australia, Associate Member of the Hong Kong Society of Accountant, aged 31, is the Group's Finance Manager and the Company Secretary of the Company. He is responsible for the Group's finance, accounting and company secretarial functions. He joined the Group in June 2001 and has over 6 years of experience in auditing and accounting.

Mr Xiao Xiao Quan, CICPA, aged 34, is the Finance Manager for Mainland China's accounting operation. He holds a bachelor degree in accounting from Hu Han Business University. He joined the group in September 2001 and has over 10 years of working experience in accounting field.

Mr Curtis Layn Rutter, aged 40, is the Group's Regional Sales Manager for America and is responsible for sales of the group's products and development clients within the United States, Mexico and Canada Region. He joined the group in April 2002 and has over 15 years of proven accomplishments of sales management.

Mr Loong Kwan Kheong, aged 52, is the General Operations Manager and is responsible for the overall management of China factory operations. He holds a bachelor degree of electrical and electronic engineering from University of Adelaide, Australia. He joined the group in 2001 and has over 26 years of working experience in production statistics, manufacturing methodology and quality control.

Mr Tian Nan Lu, aged 33, is the Assistant General Manager – Manufacturing and is responsible for supervising and monitoring the daily operations of one of the Group's factory plants in Mainland China. He holds a bachelor degree in mechanical engineering from Xian Jiaotong University in Mainland China. He joined the Group in 1994 and has 4 years of experience in the chemical processing industry.

Mr Zhou You Bin, aged 31, is the Warehouse Manager and is responsible for supervising and monitoring Warehouse and Store operation including shipment. He holds a bachelor degree in business administration from Chong Qing University, China. He joined the Group in 2002 and has over 6 years of working experience in management control.



Mr Zhou Jing Zhuan, aged 49, is the Production Manager – Wire Division and is responsible for the daily operations of Group's Electric Cable division in Mainland China. He joined the Group in 1992 and has over 15 years of experience in factory operation.

Mr He Jian Hua, aged 40, is the Production Manager – Wire Harness Division and is responsible for the daily operations of Group's Wire Harness division in Mainland China. He holds a bachelor degree in geography from Hua Tong University. He joined the Group in 1996 and has over 12 years of working experience in factory operation.

Mr Fan Ren Jie, aged 42, is the Production Manager – Plastic Division and is responsible for the daily operations of Group's Plastic division in Mainland China. He holds a bachelor degree in organic chemistry material majoring in molecular polymer from South China Institute of Science and Technology. He joined the Group in 2002 and has over 20 years of working experience in plastics manufacturing.

Mr Luo Ke Hui, aged 33, is the Production Manager – Power Cord Division and is responsible for the daily operations of Group's Power Cord division in Mainland China. He holds a bachelor degree in plastics engineering majoring in rubber and polyvinyl chloride from Hui Bei Industry University. He joined the Group in 1996 and has 3 years of working experience in plastic manufacturing.

DIRECTORS' SERVICE CONTRACTS

On 1st January 2002, MON Chung Hung, KOO Di An, Louise and LI Ho Cheong entered into service contracts with the Company for a term of 2 years. Each of them will continue thereafter until terminated by either party concerned with not less than three months' notice in writing.

On 1st February 2002, SIU Yuk Shing, Marco entered into a service contract with the Company for a term of 2 years and will continue thereafter until terminated by either party concerned with not less than three months' notice in writing.

On 3rd September 2001, LI Man Wai entered into a service contract with the Company for a term of 2 years and will continue thereafter until terminated by either party concerned with not less than three months' notice in writing.

Apart from the above, none of the directors proposed for re-election has an unexpired service contract with the Company which is not determinable by the Company within one year and without payment of compensation other than under normal statutory obligations.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid legal fees of approximately HK\$43,980 (2001: HK\$41,000) to LIU, CHAN and LAM, of which Mr. LAM Hon Mo, Frederick, an Independent Non-Executive Director, is a senior partner.

Apart from the above, no contracts of significance in relation to the Group's business to which the Company, its holding company or its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



DIRECTORS' INTEREST IN EQUITY OR DEBT SECURITIES

At 31st December 2002, the interests of the Directors and chief executives of the Company in the shares and share options of the Company as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") and other interests of the Directors in the Company were as follows:

(a) Ordinary shares of the Company

Name	Number of ordinary shares beneficially held			
	Corporate interest	Personal interest	Family interest	Other interest
MON Chung Hung	140,760,000	3,000,000	–	–
SIU Yuk Shing, Macro	–	300,000	–	–
LAU Chun Kay	–	138,000	–	–
LI Ho Cheong	–	318,000	–	–
LI Man Wai	–	150,000	–	–

The corporate interest of Mr MON Chung Hung is beneficially owned by Spector Holdings Limited, the entire issued share capital of which is owned as to 99.9 per cent by Mr MON Chung Hung and as to the remaining 0.1 per cent by Ms KOO Di An, Louise.

(b) Share options

On 5th December 1996, a share option scheme (the "1996 Scheme") was approved by the shareholders of the Company. Details of the 1996 Scheme are as follows:

(i) *Qualifying participants*

Any employees of the Company or its subsidiaries (including any Directors of the Company or its subsidiaries).

(ii) *Maximum number of shares*

The total number of shares subject to the 1996 Scheme must not when aggregated with any shares subject to any other share option schemes exceed 10% of the shares in issue from time to time (excluding any shares which have been duly allotted and issued upon the exercise of options granted pursuant to the 1996 Scheme or any other schemes). The total number of shares available for issue under the 1996 Scheme is 19,895,800, which is 10% of the issued share capital of the Company as at the date of this annual report.

No qualifying participant shall be granted an option which, if exercised in full, would result in such person's maximum entitlement exceeding 25% of the aggregate number of shares for the time being issued and issuable under the 1996 Scheme.

(iii) *Options period*

In respect of any particular option, the period may be determined by the Directors in their absolute discretion, save that such period shall not expire more than 10 years from the commencement date (the "Commencement Date"), which is deemed to have taken effect from the date on which that option was offered to a grantee and accepted by that grantee.



(iv) *Amount payable on application or acceptance*

An offer of the grant of an option shall remain open for acceptance for 10 years from the date of grant of the option subject to the provision for early termination. An offer of the grant of an option shall be deemed to have been accepted when the duplicate offer document constituting acceptance of the option, duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration of the grant thereof, is received by the Company.

(v) *Subscription price*

The subscription price in respect of any particular option shall be such price as the Directors may in their absolute discretion determine at the time of grant of the relevant option but shall not be less than 80% of the average of the official closing price of the Company's shares as stated in the daily operation sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the 5 trading days immediately preceding the Commencement Date.

(vi) *The remaining life of the 1996 Scheme*

The Directors shall be entitled at any time within 10 years commencing on 5th December 1996 to offer the grant of an option to any qualifying participants.

As at 31st December 2002, no options have been granted under the 1996 Scheme.

Proposal has been made by the Directors of the Company to terminate the 1996 Scheme and to adopt a new share option scheme (the "New Scheme") for the benefit of employees and executive directors of the Group. A circular, incorporating notice convening a special general meeting for the purpose of considering and, if thought fit, passing ordinary resolutions for the termination of the 1996 Scheme and the adoption of the New Scheme, has been despatched to the shareholders of the Company on 28th March 2003.

Apart from the above, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company or any of their associates to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31st December 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholder	Number of ordinary shares
Spector Holdings Limited	140,760,000



The share capital of the above company is owned as to 99.9 per cent by Mr MON Chung Hung and as to the remaining 0.1 per cent by Ms KOO Di An, Louise.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Code of Best Practice (Appendix 14 of the Listing Rules) has been complied with by the Company throughout the year except that the Independent Non-Executive Directors are not appointed for a specific term as recommended in the Code of Best Practice. According to the Bye-laws of the Company, Independent Non-Executive Directors of the Company will retire by rotation and their appointments will be reviewed when they are due for re-election. In the opinion of the Directors, this meets the same objectives as the Code of Best Practice.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Committee comprises two Independent Non-Executive Directors, namely Mr. LAM Hon Mo, Frederick and Mr. LAU Chun Kay. Two meetings were held during the current financial year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors have an interest in any business constituting a competing business to the Group.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

MON Chung Hung

Chairman

Hong Kong, 27th March 2003