

BUSINESS REVIEW

During the current year, the uncertain economic and political atmosphere in various parts of the world had led to the sluggish demand for electronic and telecommunication products. Most printed circuit boards ("PCB") manufacturers operated their plants at an average utilization rate of less than 70%. There was keen competition in the PCB industry and the PCB selling price was continuously driven downwards. As compared to last year, the average selling price for PCB sold by the Group was reduced by 10%.

Despite the fall in the average PCB selling price, the Group's turnover for the current year jumped by 31% to HK\$237,840,000 as a result of the increase in both the PCB sales volume and the sales mix of multi-layer PCB. The PCB sales volume increased by 47% while the proportion of multi-layer PCB sold in terms of dollar value increased from 54% to 62%. The Group's strong customer base, especially in Finland and Japan, along with the fast-growing market in Mainland China provided a favourable environment for the growth in sales but they could not be realized during the current year without the Group's new PCB plant in Huizhou, Mainland China.

The Group has invested about HK\$90 million in advanced machinery and equipment for the new PCB plant in Huizhou, Mainland China since last year. The Group's new PCB plant has been deployed for mass production of more delicate multi-layer PCB and has begun to bear fruit since July 2002. During the current year, all the Group's PCB plants were operated at an average utilization rate of about 80%.

Although the average PCB selling price was reduced during the current year, the Group could still achieve the gross profit margin at about 13.7% which was 1.4% higher than last year. The achievement was mainly resulted from negotiating with existing suppliers for lower raw material purchase cost on the one hand and increasing the sales mix of multi-layer PCB with comparatively higher gross profit margin on the other hand.

During the current year, the Group's administrative expenses decreased sharply by about 26% primarily because of the various measures taken since October 2001 to streamline the human resources and to control the staff cost.

業務回顧

本年度內，世界多處地方不明朗的經濟及政治氣候引致消費者對電子及通訊產品的需求呆滯。大部份綫路板生產商廠房的平均使用率低於70%。綫路板行業面對激烈的競爭，而綫路板的銷售價不斷下調。比對上年度，本集團綫路板的平均銷售價下調10%。

雖然綫路板的平均銷售價有所下調，但由於增加了綫路板的銷售量及多層綫路板的銷售組合，本集團本年度內的銷售額跳升31%至港幣237,840,000元。綫路板的銷售量增加了47%，而多層綫路板以金額計算的銷售比例由54%增至62%。本集團強大的客戶基礎（尤其在芬蘭及日本）與及中國大陸快速增長的市場提供了銷售額增長的有利環境，但若無本集團在中國大陸惠州市的新綫路板廠房，該等有利環境亦不能變現。

本集團自上年已投資約港幣9千萬元於中國大陸惠州市的新綫路板廠房，添置先進的機器及設備。本集團的新綫路板廠房自二零零二年七月已投入大量生產更精密的多層綫路板，並已開始有成果。本年度內，本集團所有綫路板廠房的平均使用率約為80%。

雖然綫路板的平均銷售價在本年度內有所下調，但本集團仍可達至約13.7%的毛利率，比對上年度高出1.4%；主因一方面與現時供應商商討減低原材料的採購價，另一方面增加相對較高毛利率的多層綫路板的銷售組合。

本年度內，本集團的行政開支大幅減少約26%，主因自二零零一年十月採取多項提高人力資源效率及控制員工成本的措施。

MANAGEMENT DISCUSSION AND ANALYSIS

管理階層之討論及分析

FINANCIAL REVIEW

As at 31 March 2003, the Group's gearing ratio (i.e. the ratio of total liabilities to shareholders' fund) was 0.82 times (2002: 0.85 times) while the Group's current ratio was 0.95 times (2002: 0.81 times). The high gearing ratio and the low current ratio was primarily resulted from the purchase of machinery and equipment for the Group's new PCB plant together with the associated financing arrangement. As the Group can generate net cash inflow from operating activities, these financial ratios will be improved during the year ahead.

As at 31 March 2003, 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 are all located in Mainland China and the exchange rate of Renminbi remains fairly stable. Hence, the group's net exposure to fluctuation in exchange rates is insignificant and no foreign currency hedging tool is adopted.

As at 31 March 2003, the total outstanding balances of the finance lease and hire purchase contracts along with other loans amounted to HK\$23,908,000 (2002: HK\$44,941,000) out of which HK\$19,724,000 (2002: HK\$21,018,000) were repayable within the next 12 months. They were either denominated in HK\$ or US\$, originally repayable monthly over 3 years and subjected to floating interest rates. The Group does not adopt any interest rate hedging tool for these borrowings because the low interest rate environment is likely to persist in the foreseeable future. Certain machinery and equipment of the Group with a net book value as at 31 March 2003 of HK\$59,305,000 (2002: HK\$71,045,000) were pledged to secure these borrowings.

財務回顧

於二零零三年三月三十一日，本集團的負債與資本比率（即總負債與股東權益的比率）為0.82倍（二零零二年：0.85倍），而本集團的流動比率為0.95倍（二零零二年：0.81倍）。高負債與資本比率及低流動比率的主因是由於本集團為新綫路板廠房添置機器及設備與及有關融資安排所致。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內將有所改善。

於二零零三年三月三十一日，本集團的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，本集團的綫路板廠房全位於中國大陸，而人民幣的匯率仍保持十分穩定。故此本集團因匯率波動而承受的風險並不重大，亦因此並無採用外匯對沖工具。

於二零零三年三月三十一日，本集團的融資租約及租購合同與其他貸款的總結欠為港幣23,908,000元（二零零二年：港幣44,941,000元），當中港幣19,724,000元（二零零二年：港幣21,018,000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、原先訂明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的環境很可能持續，故此本集團並無因應上述借貸採用任何利率對沖工具。本集團於二零零三年三月三十一日賬面淨值為港幣59,305,000元（二零零二年：港幣71,045,000元）的若干機器及設備已作為上述借貸的抵押品。

OUTLOOK

The year ahead should remain a challenging year. Under the prevalent business strategy to solicit new orders using lower selling price by most PCB manufacturers for the time being, the Group definitely cannot ignore this market phenomenon. However, the Group has planned to alleviate the impact of the low PCB selling price and to strengthen its market place in the PCB industry by means of the following business strategies.

The Group's new PCB plant has provided a solid foundation for the production of delicate multi-layer PCB. The Group will continue to invest in advanced machinery and equipment on a gradual basis so as to improve its PCB production capability and capacity. The Group does not intend to compete in high volume business with low profit margin. Instead, the Group wants to obtain high quality business requiring more technological know-how in the manufacture of PCB but with good profit margin.

Mainland China has become a place with high economic growth rate. Many multinational corporations already have and will continue to set up production bases there. Besides, the local corporations in Mainland China are growing fast also. The Group will continue to take advantage of its PCB manufacturing experience and establishment in Mainland China to sell PCB to these multinational and local corporations in Mainland China through its existing strong customer base and business network.

Customers engaging in telecommunication products took the lion's share (about 50%) of the Group's PCB sales during the current year. In order to diversify the business risk of relying heavily on a single industry, the Group has already begun manufacturing PCB for customers engaging in automobile which has more stable worldwide demand. Although the PCB for automobile requires extremely high quality and reliability, it will be rewarded with good profit margin.

Barring any unforeseen circumstance, the Board is cautiously optimistic about the results of the Group in the year ahead.

前景

來年將仍然是充滿挑戰的一年。在現時大部份綫路板供應商普遍利用降低銷售價以招攬新訂單的商業策略下，本集團肯定不能忽視此市場現象。然而本集團已計劃藉著下列的商業策略減輕低綫路板銷售價的沖擊及加強本集團在綫路板行業的市場地位。

本集團的新綫路板廠房在生產精密多層綫路板方面已提供了一個鞏固的基礎，本集團將繼續逐步投資先進的機器及設備，以改善其綫路板的生產能力及容量。本集團並無打算爭取數量多但利潤率低的生意，取而代之，本集團希望獲得在製造綫路板中要求較多工藝技巧但不俗利潤率的高質量生意。

中國大陸已成為一個高經濟增長率的地方。許多跨國企業已經並將會繼續於當地設立生產基地；此外，在中國大陸本地的企業亦正在快速增長。本集團將繼續透過其現時強大的客戶基礎及商業網絡，利用本身在中國大陸生產綫路板的經驗及廠房，銷售綫路板予此等於中國大陸的跨國企業及本地企業。

從事通訊產品的客戶在本年度內佔了本集團綫路板銷售額的大部份（約50%）。為著分散過份依賴單一行業的商業風險，本集團已開始為從事有較穩定環球需求的汽車製造客戶生產綫路板。雖然用於汽車的綫路板對質量及可靠性方面要求十分高，但將可帶來不俗的利潤率。

如無任何不可預見的情況，董事會對來年本集團的業績表示謹慎樂觀。