

The Directors submit their report together with the audited accounts for the year ended 31st December 2003.

## 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 27 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:

	As restated				<b>2003</b> <b>HK\$'000</b>
	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	
Turnover	212,785	241,130	205,510	227,635	<b>238,928</b>
Profit/(loss) attributable to shareholders	22,718	4,515	(9,142)	8,479	<b>15,719</b>
Total assets	194,343	219,251	186,478	187,141	<b>201,200</b>
Total liabilities	(65,715)	(90,087)	(72,066)	(66,240)	<b>(65,913)</b>
Shareholders' funds	128,628	129,164	114,412	120,901	<b>135,287</b>

## Analysis of the Group's Performance

An analysis of the Group's performance is shown in the Chairman's Statement on pages 8 to 10.



## 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:

	<b>2003</b>	2002
	%	%
Purchases		
– the largest supplier	<b>22</b>	19
– five largest suppliers combined	<b>58</b>	60
Sales		
– the largest customer	<b>20</b>	20
– five largest customers combined	<b>35</b>	36

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 24.

The directors have declared an interim dividend of HK\$0.01 per ordinary share, totalling approximately HK\$1,990,000, which was paid on 22nd September 2003.

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 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 2003, the distributable reserves of the Company amounted to HK\$87,812,000 (2002: HK\$92,892,000).

## Donations

Charitable donations made by the Group during the year amounted to HK\$1,332,000 (2002: HK\$538,000).

## 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, and Other Borrowings

The Group's bank loans and other borrowings as at 31st December 2003 are repayable over the following periods:

	<b>Bank loans</b>	<b>Other borrowings</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
On demand or not exceeding one year	1,203	14,939	16,142
More than one year but not exceeding two years	1,246	–	1,246
More than two years but not exceeding five years	4,011	–	4,011
More than five years	1,677	–	1,677
	<b>8,137</b>	<b>14,939</b>	<b>23,076</b>

The Group did not have any other bank loans as at 31st December 2003, 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

(resigned on 1st April 2003 )

LI Man Wai

MON Tiffany

(appointed on 1st April 2003)

### Independent Non-Executive Directors

LAM Hon Mo, Frederick

LAU Chun Kay

CHENG Kwok Kit, Edwin

(appointed on 1st April 2003)

LAM Hon Mo, Frederick 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 53, is the Chairman of the Company. He is the founder of the Group and has over 26 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 52, 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 45, 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 16 years of experience in the electric cable and wire industry.

**Ms Li Man Wai**, aged 49, 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 29 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 12 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.

## Biographical Details of Directors and Senior Management (Continued)

### Executive Directors (Continued)

**Ms Mon Tiffany**, aged 23, Marketing Communications Manager of the Group, responsible for developing various marketing strategies and overall internal or external communications. Attained a bachelor's double major degree in Economics and Management from University of Sydney, Australia. She joined the Group since 2002.

### Independent Non-Executive Directors

**Mr Lam Hon Mo, Frederick**, aged 56, has been a practicing solicitor in Hong Kong for over 26 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 55, 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 31 years of experience in management and engineering.

**Mr Cheng Kwok Kit, Edwin**, aged 41, is an independent non-executive director of our Company, who has been a practising solicitor in Hong Kong for over 6 years. Mr Cheng holds Bachelor Degree of Business Administration from the Chinese University of Hong Kong; Bachelor Degree of Laws from the Manchester Metropolitan University, United Kingdom; Postgraduate Certificate in Laws from the University of Hong Kong; Bachelor Degree of Laws, Master Degree of Laws and Doctor Degree of Laws from Peking University, China. He has been admitted as a solicitor in England and Wales and Hong Kong. Mr Cheng is an Associate Member of the Hong Kong Society of Accountants; a Fellow Member of the Association of Chartered Certified Accountants; an Associate Member of the Hong Kong Institute of Company Secretaries; an Associate Member of the Institute of Chartered Secretaries and Administrators; an Associate Member of the Taxation Institute of Hong Kong; a Member of the Hong Kong Institute of Directors; and a Member of the Hong Kong Securities Institute.

### Senior Management

**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 24 years of experience in the cable and wire industry.

**Ms Wong Wai Ping**, aged 52, 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 29 years of experience in the electric cable and wire industry and electronics and communications industry.



## Biographical Details of Directors and Senior Management (Continued)

### Senior Management (Continued)

**Mr Tang Chi Wai**, CPA(Aust.) of CPA Australia, Associate Member of the Hong Kong Society of Accountant, aged 32, 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 7 years experience in auditing and accounting.

**Mr Xiao Xiao Quan**, CICPA, aged 35, is the Finance Manager for Mainland China's accounting operation. He holds a bachelor degree in accounting from Hu Nan Business University. He joined the Group in September 2001 and has over 11 years of working experience in accounting field.

**Mr Curtis Layn Rutter**, aged 41, 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 16 years of proven accomplishments of sales management.

**Mr Loong Kwan Kheong**, aged 53, 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 27 years of working experience in production statistics, manufacturing methodology and quality control.

**Mr Tian Nan Lu**, aged 34, 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 over 5 years of experience in the chemical processing industry.

**Mr Zhou You Bin**, aged 32, 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 7 years of working experience in management control.

**Mr Zhou Jing Zhuan**, aged 50, 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 16 years of experience in factory operation.

**Mr He Jian Hua**, aged 41, 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 13 years of working experience in factory operation.

**Mr Luo Ke Hui**, aged 34, 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 chemical engineering from Hu Bei Industry University. He joined the Group in 1996 and has 4 years of working experience in plastic manufacturing.

## Directors' Service Contracts

On 1st January 2002, MON Chung Hung and KOO Di An, Louise entered into service contracts with the Company for a term of two years. Each of the contracts will continue after the two years' term until terminated by either party serving not less than three months' notice in writing to the other. The contracts expired on 31st December 2003. However, according to the terms of the contracts, unless notice of non-renewal is served by either party to the other at least two months prior to the end of the term, the contracts should be deemed to have renewed automatically for one consecutive year with the terms and conditions thereof remain unchanged and will be expired on 31st December 2004.

On 4th November 2003, SIU Yuk Shing, Marco entered into a service contract with the Company for a term of four years and the contract will continue thereafter until terminated by either party serving not less than six months' notice in writing to the other.

On 3rd September 2001, LI Man Wai entered into a service contract with the Company for a term of two years and the contract will continue thereafter until terminated by either party serving not less than three months' notice in writing to the other. The contract expired on 2nd September 2003. However, according to the term of the contract, unless notice of non-renewal is served by either party to the other at least two months prior to the end of the term, the contract should be deemed to have renewed automatically for one consecutive year with the terms and conditions thereof remain unchanged and will be expired on 2nd September 2004.

On 29th March 2003, MON Tiffany entered into a service contract with the Company for a term of two years and nine months and the contract will continue thereafter until terminated by either party serving not less than three months' notice in writing to the other.

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\$18,660 (2002: HK\$43,980) 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' and Chief Executives' Interest in Equity or Debt Securities

At 31st December 2003, the interest of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as notified to the Company were as follows:

### (a) Ordinary shares of the Company

Name	Number of shares				Total interest	Total interest as % of the relevant issued share capital
	Personal interest	Family interest	Corporate interest	Other interest		
MON Chung Hung	2,000,000	-	140,760,000	-	142,760,000	71.75%
SIU Yuk Shing, Marco	300,000	-	-	-	300,000	0.15%
LAU Chun Kay	138,000	-	-	-	138,000	0.07%
LI Ho Cheong (Note)	118,000	-	-	-	118,000	0.06%
LI Man Wai	1,150,000	-	-	-	1,150,000	0.58%

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.

Note: Mr LI Ho Cheong resigned as director of the Company on 1st April 2003.

### (b) Share options

At a special general meeting of the Company held on 23rd April 2003 ("Adoption Date"), resolutions had been passed to terminate the share option scheme adopted on 5th December 1996 (the "1996 Scheme") and to adopt a new share option scheme (the "2003 Scheme") for the benefit of employees and executive directors of the Group.

The principal terms of the 2003 Scheme are summarized as follows:

#### (i) Eligible person

Any employee (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of any members of the Group or any Invested Entity, who, in the sole discretion of the Directors, have contributed or will contribute to the growth and development of the Group or any Invested Entity.



## Directors' and Chief Executives' Interest in Equity or Debt Securities (Continued)

### (b) Share options (Continued)

#### (ii) Maximum number of shares

The total number of shares which may be issued upon exercise of all options to be granted under the 2003 Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the shares in issue at the Adoption Date unless the Company obtains a fresh approval from its shareholders. Such 10% represents 19,895,800 shares on the basis of 198,958,000 shares in issue as at the date of this annual report.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2003 Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 30% of the shares in issue from time to time. No option may be granted under the 2003 Scheme and any other share option scheme(s) of the Company if such limit is exceeded.

#### (iii) Option period

The option period shall be notified by the Board to each grantee upon grant of each option, provided that it shall commence on a date not earlier than the date upon which the option is granted or deemed to be granted in accordance with the terms of the 2003 Scheme ("Commencement Date") and not be more than 10 years from the Commencement Date.

#### (iv) Amount payable on application or acceptance

The eligible person must accept any such offer notified to him or her within 10 business days from the date on which an offer is made to an eligible person, which must be a business day ("Offer Date"), failing which it shall be deemed to have been rejected. Upon acceptance of the offer, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

#### (v) Subscription price

The subscription price shall be a price determined by the Directors at its absolute discretion and notified to an eligible person and shall not be less than the highest of (1) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Offer Date; (2) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (3) the nominal value of a Share.

## Directors' and Chief Executives' Interest in Equity or Debt Securities (Continued)

### (b) Share options (Continued)

#### (vi) Term of the 2003 Scheme

The 2003 Scheme will remain in force for a period of 10 years commencing from the Adoption Date, after which no further options shall be granted but the options which are granted during the life of the 2003 Scheme may continue to be exercisable in accordance with their terms of issue and the provisions of the 2003 Scheme shall in all other respects remain in full force and effect in respect thereof.

Up to 31st December 2003, no option has been granted under the 1996 Scheme or the 2003 Scheme.

Apart from the above, at no time during the year was the Company or any of 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

Other than the interests of the Directors and chief executives of the Company as disclosed above, as at 31st December 2003, the register maintained by the Company pursuant to section 336 of the SFO recorded interests (as defined in the SFO) in the Company of the following corporation:

Name	Number of shares				Total interest	Total interests as % of the relevant issued share capital
	Personal interest	Family interest	Corporate interest	Other interest		
Spector Holdings Limited	140,760,000	-	-	-	140,760,000	70.75%

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.

All the interest stated above represent long positions. As at 31st December 2003, no short positions were recorded in the Register of Interests in Shares and Short Positions of substantial shareholders required to be kept under section 336 of the SFO.

Save as disclosed above, so far as the Directors of the Company are aware, there was no person who, as at 31st December 2003, directly or indirectly held or was beneficially interested in shares representing 5% or more of the issued share capital of the Company.

## 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

The Code of Best Practice (Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (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 HKSA.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Groups' audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Audit Committee of the Company comprises three Independent Non-Executive Directors, namely Mr. LAM Hon Mo, Frederick, Mr. CHENG Kwok Kit, Edwin 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, 23rd March 2004