

Mr. CHUNG Hang Ngai is the General Sales Manager of Sun-iOMS (Hong Kong) Limited. He is responsible for the sales and marketing management functions of the company. Mr. Chung has been admitted to the degree of Bachelor of Science with Honours with a major in Chemistry and a minor in Computer Science in The Chinese University of Hong Kong in 1993. He has over 9 years of experience in sales and marketing management in the manufacturing and information technology sectors. He joined the Group in November 2002.

鍾恆毅先生，新艾歐軟件(香港)有限公司營業部總經理，負責本公司之銷售及市場推廣管理工作。彼於一九九三年獲香港中文大學授予榮譽理學士學位，主修化學及副修電腦科學。彼於製造業及資訊科技業之銷售及市場推廣管理方面積逾9年經驗。鍾先生於二零零二年十一月加入本集團。

Ms. CHEUNG Lai San is the Assistant General Manager of Sun-iOMS (Hong Kong) Limited. She is responsible for the administration and management functions of the company. Ms. Cheung has been admitted to the degree of Bachelor of Arts with Honours in Business Administration in the Bolton University the United Kingdom, in 1999. She has over 13 years of experience in sales, marketing and administration in the manufacturing and information technology sectors. She joined the Group in 1989.

張麗珊小姐，新艾歐軟件(香港)有限公司副總經理，負責本公司之行政及管理工作。彼於一九九九年獲英國Bolton University授予工商管理榮譽文學士學位。彼於製造業及資訊科技業之銷售、市場推廣及行政方面積逾13年經驗。張小姐於一九八九年加入本集團。

Mr. WONG Chi Ho, Benlie is the Senior Sales Manager of Sun-iOMS (Hong Kong) Limited. He is responsible for the sales and marketing management functions of the company. Mr. Wong has over 12 years of experience in sales and marketing management in the manufacturing and trading sectors. He joined the Group in March 2001.

王志豪先生，新艾歐軟件(香港)有限公司營業部高級經理，負責本公司之銷售及市場推廣管理工作。彼於製造業及貿易業之銷售及市場推廣管理方面積逾12年經驗。王先生於二零零一年三月加入本集團。

Mr. LAI Wai Kit
黎偉傑先生

Ms. CHEUNG Lai San
張麗珊小姐

Mr. CHUNG Hang Ngai
鍾恆毅先生

Mr. NGAI Hing Kwong
魏慶光先生

Mr. WONG Chi Ho, Benlie
王志豪先生

Ms. CHAN Yuk Lin
陳玉蓮小姐

Sun-iOMS MANAGEMENT PROFILE

新艾歐管理層履歷

Ms. CHAN Yuk Lin is the Consulting Manager of Sun-iOMS (Hong Kong) Limited. She is responsible for the software development project management functions of the company. Ms. Chan has been admitted to the degree of Bachelor of Engineering with Honours with a major in Systems Engineering and Engineering Management in The Chinese University of Hong Kong in 1999. She has over 3 years of experience in software development project management. She joined the Group in September 2000.

陳玉蓮小姐，新艾歐軟件(香港)有限公司顧問經理，負責本公司之軟件開發項目管理工作。彼於一九九九年獲香港中文大學授予榮譽工學士學位，主修系統工程及工程管理學。彼於軟件開發項目管理方面積逾3年經驗。陳小姐於二零零零年九月加入本集團。

Mr. LAI Wai Kit is the Development Manager of Sun-iOMS (Hong Kong) Limited. He is responsible for the software development project management functions of the company. Mr. Lai has been admitted to the degree of Bachelor of Science with Honours in Computing and Information Systems in the University of London, the United Kingdom, in 2000. He has over 6 years of experience in software development project management. He joined the Group in November 2002.

黎偉傑先生，新艾歐軟件(香港)有限公司開發經理，負責本公司之軟件開發項目管理工作。彼於二零零零年獲英國University of London授予電腦及資訊系統榮譽理學士學位。彼於軟件開發項目管理方面積逾6年經驗。黎先生於二零零二年十一月加入本集團。

Mr. NGAI Hing Kwong is the Consulting Manager of Sun-iOMS (Hong Kong) Limited. He is responsible for the software development project management functions of the company. Mr. Ngai has been admitted to the degree of Bachelor of Engineering with Honours in Manufacturing Engineering in the City University of Hong Kong in 1999. He has over 3 years of experience in software development project management in the manufacturing sector. He joined the Group in November 2002.

魏慶光先生，新艾歐軟件(香港)有限公司顧問經理，負責本公司之軟件開發項目管理工作。彼於一九九九年獲香港城市大學授予製造工程學榮譽工學士學位。彼於製造業軟件開發項目管理方面積逾3年經驗。魏先生於二零零二年十一月加入本集團。

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lam Wai Chun

(Chairman and Managing Director)

Mr. Saito Misao

(Deputy Chairman)

Ms. Tang Fung Kwan

Mr. Law Hoo Shan

(Appointed on 19th December 2002)

Mr. Chiu Chan, Charles

(Appointed on 19th December 2002)

Mr. Huang Kong

(Appointed on 19th December 2002)

Mr. Ho Kwok Keung

(Appointed on 20th December 2002)

Mr. Lam Wing Kin, Sunny

*(Retired on 26th September 2002 and re-appointed on 18th February 2003)**Non-executive Director*

Mr. Tang Tin Sek

Independent Non-executive Directors

Mr. Au Son Yiu

Mr. Lee Wing Kwan, Denis

AUDIT COMMITTEE

Mr. Au Son Yiu

Mr. Lee Wing Kwan, Denis

Mr. Tang Tin Sek

COMPANY SECRETARY

Ms. Li Lai Sheung ACIS

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

LEGAL ADVISERS

F. Zimmern & Co

Richards Butler

Appleby Spurling & Kempe

PRINCIPAL BANKERS

China Construction Bank

CITIC Ka Wah Bank Limited

Dah Sing Bank Limited

Dao Heng Bank Limited

Hang Seng Bank Limited

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2nd Floor, Hing Win Factory Building

110 How Ming Street

Kwun Tong, Kowloon

Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICES

*Bermuda Principal Share Registrar*Butterfield Fund Services (Bermuda) Limited
Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited

Rooms 1901-5, 19th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong

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Listed on The Stock Exchange of Hong Kong Limited

Stock Code: 0759 (shares)

0337 (warrants)

2002/2003 THIRD QUARTER RESULTS

The Board of Directors (the “Directors”) of CEC International Holdings Limited (the “Company”) is pleased to present the unaudited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31st January 2003 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31st January		Nine months ended 31st January	
		2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Turnover	2	93,225	91,988	341,184	276,241
Cost of sales		(70,710)	(69,863)	(264,078)	(200,015)
Gross profit		22,515	22,125	77,106	76,226
Distribution and selling expenses		(3,307)	(2,440)	(11,242)	(7,879)
General and administrative expenses		(14,483)	(11,883)	(45,575)	(36,221)
Profit from operations	2	4,725	7,802	20,289	32,126
Interest income		61	152	296	911
Interest expense		(4,752)	(4,828)	(14,182)	(17,751)
Share of profits less losses of jointly controlled entities		175	(11)	140	5
Profit before taxation	3	209	3,115	6,543	15,291
Taxation	4	(193)	(795)	(1,233)	(2,393)
Profit after taxation but before minority interests		16	2,320	5,310	12,898
Minority interests		–	–	–	(101)
Profit attributable to shareholders		16	2,320	5,310	12,797
Earnings per share	6				
– Basic		0.002 cent	0.351 cent	0.771 cent	1.983 cents
– Diluted		0.002 cent	0.351 cent	0.771 cent	1.970 cents

CONSOLIDATED BALANCE SHEET

	Notes	As at 31st January 2003 HK\$'000 (Unaudited)	As at 30th April 2002 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	460,081	489,012
Intangible asset		978	1,778
Investment in associates		10,318	–
Investment in jointly controlled entities		–	872
Total non-current assets		471,377	491,662
CURRENT ASSETS			
Inventories		95,888	70,321
Trade receivables	8	68,491	42,000
Prepayments, deposits and other current assets		16,926	10,227
Investment		7,800	7,370
Pledged bank deposits		24,946	35,847
Cash and other bank deposits		12,956	9,587
Total current assets		227,007	175,352
CURRENT LIABILITIES			
Short-term bank borrowings		(134,294)	(89,030)
Long-term bank loans, current portion		(42,996)	(44,798)
Finance lease obligations, current portion		(16,711)	(14,552)
Trade payables	9	(41,490)	(41,596)
Bills payable		(7,912)	(2,390)
Accruals and other payables		(15,437)	(13,874)
Taxation payable		(940)	(122)
Total current liabilities		(259,780)	(206,362)
Net current liabilities		(32,773)	(31,010)
Total assets less current liabilities		438,604	460,652
NON-CURRENT LIABILITIES			
Long-term bank loans, non-current portion		(103,611)	(134,649)
Finance lease obligations, non-current portion		(10,731)	(17,060)
Deferred taxation		(14,937)	(14,937)
Total non-current liabilities		(129,279)	(166,646)
Net assets		309,325	294,006
CAPITAL AND RESERVES			
Share capital	10	69,303	66,103
Reserves	13	240,022	227,903
Shareholders' equity		309,325	294,006

CONSOLIDATED CASH FLOW STATEMENT

	Nine months ended 31st January	
	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Cash flows from operating activities		
Profit before taxation	6,543	15,291
Interest income	(296)	(911)
Interest expense	14,182	17,751
Depreciation of property, plant and equipment	43,869	37,045
Amortisation of intangible asset	800	800
Net loss on disposal of property, plant and equipment	173	1
Unrealised gain on investment	(430)	–
Share of profits less losses of jointly controlled entities	(140)	(5)
Increase in inventories	(25,536)	(12,869)
Increase in trade receivables	(26,491)	(4,053)
Increase in prepayments, deposits and other current assets	(6,699)	(23,619)
(Decrease) Increase in trade payables	(106)	10,376
Increase (Decrease) in bills payable	5,522	(7,394)
Increase in accruals and other payables	1,563	2,985
Hong Kong profits tax paid	(23)	–
Hong Kong profits tax refunded	68	5
Mainland China enterprise income tax paid	(463)	(309)
	12,536	35,094
Cash flows from investing activities		
Additions to property, plant and equipment	(6,431)	(54,873)
Proceeds from disposal of property, plant and equipment	162	–
Acquisition of additional interest in a subsidiary	–	(5)
Acquisition of a subsidiary	220	–
Acquisition of an associate	(1,998)	–
Decrease (Increase) in amount due from jointly controlled entities	765	(740)
Decrease in pledged bank deposits	10,901	3,856
Interest received	296	911
	3,915	(50,851)
Cash flows from financing activities		
Dividends paid to shareholders	–	(1,540)
Interest paid	(14,182)	(17,751)
Proceeds from issue of shares	–	14,620
Share issue expense	(3)	(240)
New long-term bank loans	7,000	38,789
Repayment of long-term bank loans	(39,840)	(19,337)
Repayment of capital element of finance lease obligations	(13,622)	(28,986)
	(60,647)	(14,445)
Translation adjustments	2,301	142
Decrease in cash and cash equivalents	(41,895)	(30,060)
Cash and cash equivalents, beginning of period	(79,443)	(80,476)
Cash and cash equivalents, end of period	(121,338)	(110,536)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Nine months ended 31st January	
	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Shareholders' equity, beginning of period	294,006	271,507
Translation adjustments	1,692	75
Net gains not recognised in the consolidated income statement	1,692	75
Profit attributable to shareholders	5,310	12,797
Dividends paid	–	(1,540)
Issue of new shares	8,320	14,620
Share issue expense	(3)	(240)
Shareholders' equity, end of period	309,325	297,219

*Notes:***1. Principal accounting policies**

The same principal accounting policies and methods of computation are followed in the quarterly financial statements for the three months and nine months ended 31st January 2003 as compared with the most recent published annual financial statements for the year ended 30th April 2002. The quarterly financial statements comply with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The Group has adopted a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants for the first time in the current period. The adoption of these new or revised SSAPs had no material effect on the Group's financial statements, except in accordance with the revised SSAP 1 "Presentation of financial statements", a consolidated statement of changes in shareholders' equity is presented instead of a consolidated statement of recognised gains and losses, and in accordance with the revised SSAP 15 "Cash flow statements", the presentation of the consolidated cash flow statement has been amended.

2. Turnover and segment information

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components. The Group's products are generally used in the manufacture of various kinds of electronic and electrical products.

Analysis of turnover and profit (loss) from operations by business segment is as follows:

	Turnover			
	Three months ended 31st January		Nine months ended 31st January	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Coils manufacturing	80,091	76,059	286,927	226,180
Capacitors manufacturing	8,212	8,219	30,625	24,203
Electronic components trading	4,922	7,710	23,632	25,858
	93,225	91,988	341,184	276,241

	Profit (loss) from operations			
	Three months ended 31st January		Nine months ended 31st January	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Coils manufacturing	4,593	8,874	20,219	30,584
Capacitors manufacturing	366	(263)	1,371	2,134
Electronic components trading	(234)	(809)	(1,301)	(592)
	4,725	7,802	20,289	32,126

Analysis of turnover and profit (loss) from operations by geographical segment is as follows:

	Turnover			
	Three months ended 31st January		Nine months ended 31st January	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	54,611	64,985	218,982	195,168
Mainland China	10,301	6,652	30,565	16,901
Taiwan	13,502	14,830	47,458	33,805
Europe	5,866	3,360	18,352	11,530
Others	8,945	2,161	25,827	18,837
	93,225	91,988	341,184	276,241

	Profit (loss) from operations			
	Three months ended		Nine months ended	
	31st January		31st January	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	4,070	7,314	12,486	28,004
Mainland China	705	1,038	4,123	2,668
Taiwan	224	82	1,726	1,894
Europe	208	540	971	2,194
Others	(482)	(1,172)	983	(2,634)
	4,725	7,802	20,289	32,126

3. Profit before taxation

Profit before taxation in the consolidated income statement is stated after crediting and charging the following:

	Three months ended		Nine months ended	
	31st January		31st January	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Crediting –				
Interest income from bank deposits	61	152	296	911
Charging –				
Depreciation of property, plant and equipment	11,437	14,480	43,869	37,045
Amortisation of intangible asset	266	267	800	800
Employment costs (including directors' emoluments)	18,269	20,830	64,799	69,660
Interest expense on				
– bank overdrafts and loans wholly repayable within five years	3,613	3,065	10,756	10,759
– factoring of trade receivables	554	548	1,950	1,898
– finance leases	585	1,215	1,476	5,094

4. Taxation

Taxation consisted:

	Three months ended		Nine months ended	
	31st January		31st January	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Company and subsidiaries				
Current taxation –				
Hong Kong profits tax	248	736	756	2,084
Mainland China enterprise income tax	(55)	59	477	309
Deferred taxation – Hong Kong profits tax	–	–	–	–
	193	795	1,233	2,393
Associates and jointly controlled entities				
Current taxation – Hong Kong profits tax	–	–	–	–
	193	795	1,233	2,393

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit arising in or derived from Hong Kong.

Zhongshan Tonichi Ferrite Products Co., Ltd., Zhongshan Coils Metalwork Co., Ltd. and Zhongshan Coils Electronic Co., Ltd., wholly foreign owned enterprises established in Zhongshan, the open coastal area of Mainland China, are subject to Mainland China enterprise income tax at a rate of 24%, while Xiamen Coils Electronic Co., Ltd., a wholly foreign owned enterprise established in Xiamen, a special economic zone in Mainland China, is subject to Mainland China enterprise income tax at a rate of 15%.

For all other companies within the Group, profits tax was provided at tax rates in the respective jurisdictions in which they operate.

5. Dividends

The Directors resolved not to declare any interim dividend in respect of the nine months ended 31st January 2003 (2002: Nil).

6. Earnings per share

The calculation of basic earnings per share for the three months ended 31st January 2003 is based on the profit attributable to shareholders of approximately HK\$16,000 (2002: HK\$2,320,000) and on the weighted average number of 693,028,811 (2002: 661,028,811) shares in issue during the period.

The calculation of basic earnings per share for the nine months ended 31st January 2003 is based on the profit attributable to shareholders of approximately HK\$5,310,000 (2002: HK\$12,797,000) and on the weighted average number of 689,086,782 (2002: 645,174,211) shares in issue during the period.

The calculation of diluted earnings per share for the three months ended 31st January 2003 is based on the profit attributable to shareholders of approximately HK\$16,000 (2002: HK\$2,320,000) and on the weighted average number of 693,028,811 (2002: 661,028,811) shares, adjusted to reflect the effect of all dilutive potential shares in issue during the period.

The calculation of diluted earnings per share for the nine months ended 31st January 2003 is based on the profit attributable to shareholders of approximately HK\$5,310,000 (2002: HK\$12,797,000) and on the weighted average number of 689,086,782 (2002: 649,576,633) shares, adjusted to reflect the effect of all dilutive potential shares in issue during the period.

A reconciliation of the weighted average number of shares used in the calculation of basic earnings per share for the three months and nine months ended 31st January 2003 to that used in the calculation of diluted earnings per share is as follows:

	Three months ended 31st January		Nine months ended 31st January	
	2003	2002	2003	2002
Weighted average number of shares used in the calculation of basic earnings per share	693,028,811	661,028,811	689,086,782	645,174,211
Weighted average number of shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during the period	-	-	-	4,402,422
Weighted average number of shares used in the calculation of diluted earnings per share	693,028,811	661,028,811	689,086,782	649,576,633

The outstanding share options and warrants during the three months and nine months ended 31st January 2003 were anti-dilutive. The outstanding share options during the three months and nine months ended 31st January 2002 were anti-dilutive. The outstanding warrants during the three months ended 31st January 2002 were anti-dilutive.

7. Property, plant and equipment

During the nine months ended 31st January 2003, the additions to property, plant and equipment were approximately HK\$15,883,000 (nine months ended 31st January 2002: HK\$67,067,000).

8. Trade receivables

Aging analysis of trade receivables is:

	As at 31st January 2003 HK\$'000	As at 30th April 2002 HK\$'000
Current	40,387	27,527
Overdue by 0 – 1 month	11,132	9,937
Overdue by 1 – 2 months	7,407	3,284
Overdue by 2 – 3 months	5,562	842
Overdue by more than 3 months	5,997	2,218
	70,485	43,808
Less: Provision for bad and doubtful debts	(1,994)	(1,808)
	68,491	42,000

Management of the Group performs ongoing credit and collectibility evaluations of each customer. Provisions for potential credit losses are maintained and such losses in aggregate have not exceeded management's estimates. The Group offers an average credit period ranging from one to three months to its trade customers who have good payment records and well-established relationships with the Group.

9. Trade payables

Aging analysis of trade payables is:

	As at 31st January 2003 HK\$'000	As at 30th April 2002 HK\$'000
Current	31,653	25,386
Overdue by 0 – 1 month	2,779	7,525
Overdue by 1 – 2 months	1,440	3,112
Overdue by 2 – 3 months	1,663	2,344
Overdue by more than 3 months	3,955	3,229
	41,490	41,596

10. Share capital

Movements in share capital were:

	Nine months ended 31st January 2003		Year ended 30th April 2002	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Authorised shares of HK\$0.10 each Beginning and end of period/year	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid shares of HK\$0.10 each				
Beginning of period/year	661,028,811	66,103	528,027,108	52,803
Issue of shares upon exercise of warrants	–	–	1,050,000	105
Bonus issue	–	–	105,815,421	10,581
Issue of shares pursuant to scrip dividend scheme	–	–	5,548,047	555
Issue of new shares	32,000,000	3,200	20,588,235	2,059
End of period/year	693,028,811	69,303	661,028,811	66,103

11. Share options

Under the share option scheme adopted by the Company on 26th October 1999 (the “Old Scheme”), the Directors may grant options to any employees or executives of the Company or any of its subsidiaries, including executive directors (but excluding independent non-executive directors of the Company) of the Company or any of its subsidiaries, to subscribe for shares in the Company. On 26th September 2002, the Old Scheme was terminated and a new share option scheme (the “New Scheme”) was adopted by the Company. No further share options can be offered under the Old Scheme. However, all other respects of the provisions of the Old Scheme shall remain in full force and holders of the share options of the Old Scheme may still exercise such outstanding share options pursuant to their respective expiry dates under the Old Scheme.

The purpose of the New Scheme is to provide full-time employees, including executive directors and non-executive directors of the Company or any of its subsidiaries (including independent non-executive directors of the Company) with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Movements in share options granted under the Old Scheme during the nine months ended 31st January 2003 were as follows:

Name	Subscription price per share	Number of shares under options			End of period
		Beginning of period	Exercised during the period	Lapsed during the period	
(i) Directors					
Mr. Lam Wai Chun	HK\$1.02*	3,527,194	–	–	3,527,194
Mr. Saito Misao	HK\$1.02*	3,527,194	–	–	3,527,194
Ms. Tang Fung Kwan	HK\$1.02*	3,527,194	–	–	3,527,194
Mr. Law Hoo Shan	HK\$0.75**	1,680,000	–	–	1,680,000
Mr. Ho Kwok Keung	HK\$0.75**	780,000	–	–	780,000
(ii) Employees					
	HK\$1.02*	3,527,194	–	–	3,527,194
	HK\$0.75**	32,280,000	–	(1,080,000)	31,200,000
		48,848,776	–	(1,080,000)	47,768,776

* Such share options were granted on 21st September 2000. The options are exercisable subject to: (a) up to one quarter of the options are exercisable from 22nd September 2002 to 21st September 2003, both dates inclusive, with vesting period commencing from 21st September 2000 to 21st September 2002; (b) up to three-eighths of the options are exercisable from 22nd September 2003 to 21st June 2004, both dates inclusive, with vesting period commencing from 21st September 2000 to 21st September 2003; (c) up to three-eighths of the options are exercisable from 22nd June 2004 to 21st January 2005, both dates inclusive, with vesting period commencing from 21st September 2000 to 21st June 2004. Any options not exercised during each of the exercisable periods will lapse immediately after the relevant exercisable period.

** Such share options were granted on 1st November 2000. The options are exercisable subject to: (a) up to one quarter of the options are exercisable from 1st November 2002 to 31st October 2003, both dates inclusive, with vesting period commencing from 1st November 2000 to 31st October 2002; (b) up to three-eighths of the options are exercisable from 1st November 2003 to 31st July 2004, both dates inclusive, with vesting period commencing from 1st November 2000 to 31st October 2003; and (c) up to three-eighths of the options are exercisable from 1st August 2004 to 28th February 2005, both dates inclusive, with vesting period commencing from 1st November 2000 to 31st July 2004. Any options not exercised during each of the exercisable periods will lapse immediately after the relevant exercisable period.

During the nine months ended 31st January 2003, no share option has been granted under the New Scheme.

12. Warrants

As at 31st January 2003, the Company had outstanding warrants of 300,800,000 units (as at 30th April 2002: 300,800,000 units), exercisable at any time from 3rd July 2000 to 30th September 2003, both dates inclusive. These warrants entitled the warrant holders to subscribe for 90,546,938 shares in the Company at HK\$0.49 per share (subject to adjustment).

13. Reserves and proposed final dividends

Movements were:

	Share premium HK\$'000	Capital reserve HK\$'000	Subscription right reserve HK\$'000	Property revaluation reserve HK\$'000	Cumulative translation adjustments HK\$'000	Retained profits HK\$'000	Total HK\$'000	Proposed final dividends HK\$'000
As at 1st May 2001	24,490	13,934	17,454	17,476	(234)	140,304	213,424	5,280
Bonus issue	(10,581)	-	-	-	-	-	(10,581)	-
Premium arising from issue of shares pursuant to the scrip dividend scheme	3,196	-	-	-	-	-	3,196	-
Proceeds from exercise of warrants	514	-	-	-	-	-	514	-
Premium arising from issue of shares on exercise of warrants	240	-	(240)	-	-	-	-	-
Premium arising from issue of new shares	11,941	-	-	-	-	-	11,941	-
Share issue expense	(239)	-	-	-	-	-	(239)	-
Surplus on revaluation of properties	-	-	-	3,590	-	-	3,590	-
Profit attributable to shareholders	-	-	-	-	-	5,973	5,973	-
Dividends paid	-	-	-	-	-	-	-	(3,751)
- scrip dividends	-	-	-	-	-	-	-	(1,529)
- cash dividends	-	-	-	-	-	(11)	(11)	
Translation adjustments	-	-	-	-	96	-	96	-
As at 30th April 2002	29,561	13,934	17,214	21,066	(138)	146,266	227,903	-
Premium arising from issue of new shares	5,120	-	-	-	-	-	5,120	-
Share issue expense	(3)	-	-	-	-	-	(3)	-
Profit attributable to shareholders	-	-	-	-	-	5,310	5,310	-
Translation adjustments	-	-	-	-	1,692	-	1,692	-
As at 31st January 2003	34,678	13,934	17,214	21,066	1,554	151,576	240,022	-

14. Contingent liabilities

Contingent liabilities not provided for in the financial statements are:

	As at 31st January 2003 HK\$'000	As at 30th April 2002 HK\$'000
Discounted bills with recourse	1,013	205
Factoring of trade receivables with recourse	24,182	36,618
	25,195	36,823

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

The above was prepared by:

Cheung Man Ho
Financial Controller

BUSINESS REVIEW

The Board of Directors hereby announces that for the nine months ended 31st January 2003, the Group recorded a turnover of HK\$341,184,000 (2002: HK\$276,241,000), representing an increase of 23.5% as compared to the same period in the previous year, and a gross profit margin of 22.6% (2002: 27.6%), representing a decrease of 5.0% as compared to the same period in the previous year. The profit attributable to shareholders recorded in the period was HK\$5,310,000 (2002: HK\$12,797,000). The drop in profit attributable to shareholders was mainly due to the substantial depreciation in property, plant and equipment, which amounted to HK\$43,869,000 (2002: HK\$37,045,000), up 18.4% from the corresponding period in the previous year.



In the face of the economic downturn and intense competition in market, the Group adopted a price-cutting strategy to consolidate its market position. During the period, the Group recorded a satisfactory growth in turnover. The fall in product prices resulted in a fall of the gross profit margin of products. However, the Group switched to a stable pricing policy in the second half of the financial year. As such, the gross profit margin for the third quarter was roughly the same as that in the interim. During the period, the Group proactively developed new series of products and strengthened its market penetration, and focused on the development of power supply devices and the markets in Europe and the United States.

The above was written by:

Tang Fung Kwan
Executive Director

Manufacturing Segment

Manufacturing continued to be the Group's core business, accounting for 93.1% (2002: 90.6%) of the Group's turnover. The turnover of coils manufacturing for the nine months ended 31st January 2003 was 26.9% higher than that for the same period last year. The turnover in the Mainland China market accounted for 9.0% (2002: 6.1%) of the Group's turnover for the nine months ended 31st January 2003, up 2.9% from the same period last year.

Although the international markets have not yet fully recovered, with the accession of Mainland China to the World Trade Organisation, many international manufacturers have been induced to invest in setting up production facilities in Mainland China. The domestic manufacturers in Mainland China keep upgrading themselves in order to meet the global challenges. Their required suppliers must be sizable and able to provide them with cost competitive but quality products. The Group has long been well qualified in these respects. As such, the Group's sales team can be more confident in promoting its products and extending its sales network. Meanwhile, the Group exercises tight control on customers' credit management, thus substantially reducing the risk of bad debts.

The Group's products are widely applicable in audio-visual equipment, home electrical appliances, toys, computers and office automation equipment, car accessories and power supply devices, etc. Therefore, the Group is not susceptible to influences from any single industry segment.

In January 2003, the Group invested NT\$9,000,000 to subscribe for 40% of the equity of 連磁科技股份有限公司 (Rentz Technologies Co., Ltd., (for identification purpose)). Rentz Technologies Co., Ltd. is a company incorporated in Taiwan. It is principally engaged in the design, manufacture and sale of ferrite production equipment. The Group believes that the above investment will benefit the Group in its present and future development in ferrite materials.

The above was written by:

Ho Kwok Keung

Chiu Chan, Charles

Law Hoo Shan

Executive Directors

Trading Segment

For the nine months ended 31st January 2003, the market competition of electronic components continued to be keen. During the period, the turnover of electronic components trading segment reduced by 8.6% to HK\$23,632,000 (2002: HK\$25,858,000) as compared to the same period last year, representing 6.9% (2002: 9.4%) of the Group's turnover.

The gross profit margin of electronic components trading segment dwindled from 13.2% for the nine months ended 31st January 2002 to 8.0% for the nine months ended 31st January 2003. During the period, an operating loss of HK\$1,301,000 was recorded as compared to HK\$592,000 for the same period last year.

Against a backdrop of fierce market competition and in order to maintain their competitive edges, electronic components traders have tightened up their inventory control in addition to promotion sales through price reduction. This is because the import price differences make it more difficult for the traders to project their gross profits. Besides, many manufacturers are trying to bypass the intermediate traders by selling to the end-users direct, thus making the role of intermediate traders diminishing in importance.

The above was written by:

Lam Wing Kin, Sunny

Executive Director



Information Technology Business

Following Mainland China's policy to promote industrialisation through information technology enhancement and to reform conventional industries through technology reform, the manufacturing industry in general attaches significant importance to information technology and makes preparatory work for a technology enhancement, which has formed a strong impetus for the recent continual growth of information technology in Mainland China.

Following its investment in 上海圖王科技有限公司 (Shanghai Signking Science & Technology Co., Ltd. (for identification purpose)) in 2002, the Group's wholly-owned subsidiary, CEC-Technology Limited ("CEC-Technology"), which is principally engaged in information

technology business, entered into a share subscription agreement with Sun-iOMS Technology Holdings Limited ("Sun-iOMS") and Grandmass ERP Limited ("ERP"), the original sole shareholder of Sun-iOMS, on 1st March 2003 to subscribe for 51% of the entire enlarged issued share capital of Sun-iOMS (the "Subscription"). ERP is a wholly-owned subsidiary of Grandmass Enterprise Solution Limited, which is a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The Subscription was completed on 5th March 2003.

Capitalising on the Group's comprehensive knowledge of the manufacturing industry, its extensive sales network, and its rich experience in management system application, together with the advanced software technology and product development experience of Grandmass Enterprise Solution Limited, Sun-iOMS plans to develop new software products and solutions with all its capabilities, and to use the Hong Kong market as a foot hold to win patronage from Hong Kong funded enterprises in the Pearl River Delta of the Guangdong Province. As at 15th March 2003, the balance of the contract-on-hand of Sun-iOMS amounted to HK\$2,588,000.



The Group will continue to deploy CEC-Technology as the flagship in its development of information technology to proactively strengthen the Group's internal resources planning system, intranet system and communication platform. The principal objectives are to increase the efficiency of the Group's operating system and the pooling of knowledge resources. Currently, the Group does not have any plan to commercialise this portion of its operation.

The above was written by:

Huang Kong

Executive Director

Changes in Financial Resources

The operating cash flows of the Group during the period recorded a fall as compared to the corresponding period last year. This was mainly attributable to an increase of turnover, which resulted in an increase of trade receivables and inventories for the period. However, as the Group has all along been making efforts on the collection of trade receivables and its production management, the number of days in the trade receivables collection period and inventory turnover period remained to be stable. The Group believes that its operating cash flows will gradually increase in the future. On the other hand, cash inflow of investment businesses was mainly attributable to the Group's infrastructure business which was near completion. Except certain ancillary production equipment, the Group's capital investment is expected to remain at a low level.

	Nine months ended 31st January	
	2003 HK\$'000	2002 HK\$'000
Cash inflow from operating activities	12,536	35,094
Cash inflow (outflow) from investing activities	3,915	(50,851)
Decrease in cash and cash equivalents	41,895	30,060
Capital expenditure	15,883	67,067
Trade receivables turnover (before factoring)/days	67	61
Inventories turnover/days	85	88

Total cash and bank deposits and investment of the Group were denominated mainly in Hong Kong dollars, United States dollars, Renminbi, Japanese yen, Singapore dollars and New Taiwan dollars. Borrowings include both short-term (bank overdrafts, trade finances and revolving loans) and long-term (finance lease obligations and long-term bank loans), which were denominated mainly in Hong Kong dollars and partly in United States dollars, Japanese yen and euro. Besides, factoring of trade receivables with recourse was HK\$24,182,000 (as at 30th April 2002: HK\$36,618,000).

	As at 31st January 2003 HK\$'000	As at 30th April 2002 HK\$'000
Cash and other bank deposits	12,956	9,587
Pledged bank deposits	24,946	35,847
Investment	7,800	7,370
Total cash and bank deposits and investment	45,702	52,804
	As at 31st January 2003 HK\$'000	As at 30th April 2002 HK\$'000
Short-term bank borrowings	134,294	89,030
Long-term bank loans, current portion	42,996	44,798
Finance lease obligations, current portion	16,711	14,552
Long-term bank loans, non-current portion	103,611	134,649
Finance lease obligations, non-current portion	10,731	17,060
Total borrowings	308,343	300,089
	As at 31st January 2003 HK\$'000	As at 30th April 2002 HK\$'000
Banking facilities	364,408	391,747
Utilised banking facilities	(319,038)	(322,961)
Unutilised banking facilities	45,370	68,786

The banking facilities were secured by mortgages over certain of the Group's land and buildings, pledges of bank deposits, investment, inventories and machinery, as well as corporate guarantees provided by the Company and certain of its subsidiaries.

Interest expense on the Group's borrowings was levied on Hong Kong dollar prime or Hong Kong Interbank Offered Rate ("HIBOR") basis with competitive margins. Owing to the decreasing trend in interest rates in Hong Kong, the Group enjoyed considerable savings in interest expense during the nine months ended 31st January 2003.

	Nine months ended 31st January		Decrease
	2003 HK\$'000	2002 HK\$'000	
Interest income	296	911	67.5%
Interest expense	(14,182)	(17,751)	20.1%
Net interest expense	(13,886)	(16,840)	17.5%

The Group has all along made efforts to control its liquidity level. As at 31st January 2003, its liquidity was similar to that as at 30th April 2002.

	As at 31st January 2003	As at 30th April 2002
Current ratio	0.87	0.85
Quick ratio	0.50	0.51
Net gearing ratio*	0.97	0.99

* (Total borrowings plus contingent liabilities and bills payable less total cash and bank deposits and investment) over (net tangible assets less proposed final dividends and revaluation surplus arising after 31st January 2002)

	Nine months ended 31st January	
	2003	2002
Interest cover#	4.68	4.16

(Profit from operations plus depreciation and amortisation) over (interest expense less interest income)

The Group is required to comply with certain restrictive financial covenants imposed by the banks. The financial covenants include, among other things, the maintenance of the following specific financial ratios: (1) the net gearing ratio, defined by the relevant bank as total borrowings plus contingent liabilities less total cash and bank deposits and investment over net tangible assets less proposed final dividends, shall not exceed 0.85:1; and (2) the amount of capital expenditures, as defined by the relevant banks, for the year ended 30th April 2002 shall not exceed HK\$70,000,000. The Group did not fulfill these two financial covenants as at 30th April 2002, but obtained waivers from the relevant banks in respect of such non-compliance in August 2002.

The above was written by:

Cheung Ming Yat

Manager, Capital Management Department

FUTURE PLANS AND PROSPECTS

Looking ahead, it is expected that the performance of the Group's manufacturing segment, which is the core business of the three major business segments of the Group, will keep growing. Although the economy is recovering, it is still moving in a slow pace. The market is dominated by uncertain factors, which have brought about some negative impacts on the electronic products market. Fortunately, more overseas manufacturers are setting up factories in Mainland China. The Group has maintained its position as a major supplier of electronic components in this depressing economic climate because the Group has a solid foundation and cautious investment strategies coupled with stringent cost and quality control.

In the coming year, the turnover of power supply devices is expected to show considerable growth. With the growing awareness of environmental protection and energy saving, all kinds of electronic products have put emphasis on switching mode power supplies. The Group has recently received orders from an American producer of police accessories for this kind of switching mode power supplies. The major components such as capacitors, inductors, line filters and transformers are produced by the Group, which have competitive advantages in terms of quality, delivery timeliness and prices. The Group will position this as a stepping stone for further development in this market segment.

As expected in the previous quarter, the Group's efforts in expanding its market share in Europe have borne fruit. It is estimated that the Group will achieve even higher market share in Europe. The Group has also signed an agency agreement with a sizable Australian accessories wholesaler to distribute the Group's transformers in Australia. The Australian company has already obtained the SSA safety approval certificates of the products for the Group. As a second step, the Group is planning to launch its coils products in the Australian market.

Regarding plans on establishing new production facilities, in view of the increase in orders, the Group has decided to set up a new factory in Nanjing to increase productivity. The new factory is expected to start operating by the end of 2003. Not only can this project bring in reasonable and stable return to the Group, the Group will also be benefited in terms of management and technical skills and will be better known in the industry through the increase in orders.

As for internal plans, the Group's Zhongshan factory will start its ISO14000 quality certification process this year. The certification can confirm that the Group's product quality and manufacture craftsmanship have reached international level as well as the Group's efforts and commitments in caring for the environment. The Group's other factories will follow the same goal so as to enhance the Group's competitiveness. It is also the Group's plan to merge its Singapore production lines for chip inductors into its head factory in Zhongshan in the next financial year so as to better adjust its production in accordance with customers' demand.

Besides the manufacturing segment, after careful analysis of the prospects of its trading segment, the Group has decided to clear its current inventories within a short period of time, and has planned to close all non-core trading businesses before the end of the second quarter in the next financial year. The Group's information technology business will operate in accordance with each subsidiary's established plans. No special development project is being planned for the moment.

The Group anticipates the market situation in the next quarter continues to be difficult, so the Group will carry on with its effective operation and promotion strategies. With its solid foundation and goal to maintain the break-even level, the Group expects it will sail safely in the next quarter to bring reasonable returns to its shareholders.

The above was written by:

Ho Kwok Keung

Chiu Chan, Charles

Lam Wing Kin, Sunny

Huang Kong

Executive Directors

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 nine months ended 31st January 2003.

DIRECTORS' INTERESTS IN SECURITIES

As at 31st January 2003, the Directors of the Company had the following beneficial interests in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) and in the warrants of the Company as recorded in the register required to be kept by the Company pursuant to Section 29 of the SDI Ordinance or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

(a) The Company

	Number of shares of HK\$0.10 each			Number of warrants
	Family interests	Personal interests	Other interests	Personal interests
Mr. Lam Wai Chun (<i>Note 1</i>)	404,008,996	3,832,000	—	—
Mr. Saito Misao	—	750,493	—	—
Ms. Tang Fung Kwan	—	3,502,611	—	—
Mr. Law Hoo Shan	—	546,751	—	—
Mr. Ho Kwok Keung (<i>Note 2</i>)	248,266	—	200,266	—
Mr. Au Son Yiu	—	1,000,000	—	1,000,000

Notes:

- As at 31st January 2003, Ka Yan China Development (Holding) Company Limited held 404,008,996 shares in the Company. The entire issued share capital of Ka Yan China Development (Holding) Company Limited was ultimately beneficially owned by Ka Yan China Family Trust, the family trust of Mr. Lam Wai Chun. The beneficiaries under this family trust were Mr. Lam Wai Chun's spouse, Ms. Law Ching Yee, and his children who were under the age of 18 years, and accordingly Mr. Lam Wai Chun was deemed under the SDI Ordinance to be interested in all the shares held by Ka Yan China Development (Holding) Company Limited.
- The 248,266 shares in the family interests of Mr. Ho Kwok Keung ("Mr. Ho") consisted of 48,000 shares which were beneficially owned by the spouse of Mr. Ho and the 200,266 shares in the other interests which were jointly beneficially owned by Mr. Ho and his spouse.

(b) Associated corporation

Coils Electronic Co., Limited

	Number of non-voting deferred shares of HK\$1.00 each (Note 5)		
	Personal interests	Family interests	Total
Mr. Lam Wai Chun (Notes 3 and 4)	7,500,000	6,500,000	14,000,000

Notes:

- Mr. Lam Wai Chun held 7,500,000 non-voting deferred shares of HK\$1.00 each in Coils Electronic Co., Limited, a wholly-owned subsidiary of the Company, representing approximately 53.57% of the 14,000,000 non-voting deferred shares of HK\$1.00 each in the share capital of Coils Electronic Co., Limited.
- In respect of the 6,000,000 non-voting deferred shares of HK\$1.00 each held by Ka Yan China Development (Holding) Company Limited and the remaining 500,000 non-voting deferred shares of HK\$1.00 each held by Ms. Law Ching Yee in Coils Electronic Co., Limited, representing approximately 42.86% and approximately 3.57% respectively of the 14,000,000 non-voting deferred shares of HK\$1.00 each in the share capital of Coils Electronic Co., Limited, Mr. Lam Wai Chun was deemed to be interested in all those shares under the SDI Ordinance by virtue of, in the case of Ka Yan China Development (Holding) Company Limited, the reasons set out in Note (a)1 above and, in the case of Ms. Law Ching Yee, the fact that Ms. Law Ching Yee is the spouse of Mr. Lam Wai Chun.
- Holders of the non-voting deferred shares have no voting rights, are not entitled to dividends unless the net profit of Coils Electronic Co., Limited exceeds HK\$100,000,000,000,000, and are not entitled to any distributions upon winding up unless a sum of HK\$100,000,000,000,000 has been distributed to the holders of ordinary shares.

Save as disclosed above, as at 31st January 2003, none of the Directors of the Company or any of their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) had any interests in the securities of the Company or its associated corporations (within the meaning of the SDI Ordinance) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 31st January 2003, the Directors of the Company had the following personal interests in share options to subscribe for shares in the Company granted under the Old Scheme, as recorded in the register required to be kept under Section 29 of the SDI Ordinance:

Name	Date of grant	Exercisable period	Subscription price per share	Number of shares under options outstanding
Mr. Lam Wai Chun	21st September 2000	22nd September 2002 to 21st January 2005	HK\$1.02	3,527,194
Mr. Saito Misao	21st September 2000	22nd September 2002 to 21st January 2005	HK\$1.02	3,527,194
Ms. Tang Fung Kwan	21st September 2000	22nd September 2002 to 21st January 2005	HK\$1.02	3,527,194
Mr. Law Hoo Shan	1st November 2000	1st November 2002 to 28th February 2005	HK\$0.75	1,680,000
Mr. Ho Kwok Keung	1st November 2000	1st November 2002 to 28th February 2005	HK\$0.75	780,000

Save as disclosed above, at no time during the nine months ended 31st January 2003 was the Company or any of its associated corporations (within the meaning of the SDI Ordinance) a party to any arrangement to enable the Directors of the Company or any of their associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st January 2003, according to the register kept by the Company under Section 16(1) of the SDI Ordinance, other than the Directors of the Company, the following persons were interested or taken or deemed to be interested in 10% or more of the issued share capital of the Company:

Name	Number of issued shares	Percentage holding
Ka Yan China Development (Holding) Company Limited (Notes 1 and 2)	404,008,996	58.296%
Ka Yan China Investments Limited (Note 2)	404,008,996	58.296%
HSBC Holdings plc (Note 3)	404,008,996	58.296%
HSBC Bank plc (Note 3)	404,008,996	58.296%
Midcorp Limited (Note 3)	404,008,996	58.296%
Griffin International Limited (Note 3)	404,008,996	58.296%
HSBC Europe BV (Note 3)	404,008,996	58.296%
HSBC Europe (Netherlands) BV (Note 3)	404,008,996	58.296%
HSBC Private Banking Holdings (Suisse) SA (Note 3)	404,008,996	58.296%
HSBC International Trustee Limited (Note 3)	404,008,996	58.296%

Notes:

1. The 404,008,996 shares were held by Ka Yan China Development (Holding) Company Limited, a wholly-owned subsidiary of Ka Yan China Investments Limited, the entire issued share capital of which was ultimately beneficially owned by Ka Yan China Family Trust, the family trust of Mr. Lam Wai Chun, a director of the Company.
2. The interests of Ka Yan China Development (Holding) Company Limited and Ka Yan China Investments Limited, the ultimate holding company of the Company, in respect of 404,008,996 shares duplicated with each other.
3. The interests of HSBC Holdings plc, HSBC Bank plc, Midcorp Limited, Griffin International Limited, HSBC Europe BV, HSBC Europe (Netherlands) BV, HSBC Private Banking Holdings (Suisse) SA and HSBC International Trustee Limited in respect of 404,008,996 shares in the Company duplicated with each other. The 404,008,996 shares in which HSBC International Trustee Limited was interested were the shares referred to in Note 2 above.

Save as disclosed above, the Company had not been notified of any other interests representing 10% or more of the issued share capital of the Company which was required to be recorded under Section 16(1) of the SDI Ordinance as at 31st January 2003.

PRACTICE NOTE 19 TO THE LISTING RULES

In accordance with the disclosure requirements of Practice Note 19 to the Listing Rules, the Company makes the following disclosures in relation to the details of the Agreement (as defined below), which includes conditions relating to specific performance of the controlling shareholder of the Company.

On 31st January 2002, the Company entered into a 3-year transferable term loan and revolving credit facility agreement (the "Agreement") for an aggregate amount of HK\$100,000,000 (the "Facility") with a group of banks. The Facility consists of a term loan for an aggregate amount of HK\$60,000,000 and a revolving credit facility for an aggregate amount of HK\$40,000,000.

Under the provisions of the Agreement, it would be an event of default, inter alia, if any of the following events occurs:

1. Mr. Lam Wai Chun ("Mr. Lam"), the Chairman and Managing Director of the Company, and Ka Yan China Development (Holding) Company Limited ("Ka Yan"), the controlling shareholder of the Company, cease to be the beneficial owners, together, of more issued share capital of the Company than any other person (including persons acting in concert); or
2. Mr. Lam and Ka Yan cease to be the beneficial owners, together, of at least 35% of the issued share capital of the Company; or
3. Mr. Lam ceases to be the Chairman of the Company or ceases to be involved actively in the management and business of the Group; or
4. Mr. Lam or Ka Yan sells, transfers, assigns, encumbers or disposes of all or part of their respective beneficial ownership of shares in the Company; or
5. Ka Yan ceases to be wholly and beneficially owned by Ka Yan China Family Trust (the "Trust"), the family trust of Mr. Lam; or
6. Mr. Lam's immediate family members cease to be the only beneficiaries under the Trust.

If any such event of default occurs, upon a notice served to the Company, (i) the Facility shall immediately be cancelled; (ii) all amounts accrued and outstanding or owing under the Facility shall immediately become due and payable; and/or (iii) the Facility shall immediately become payable on demand.

In addition, the Group is required to comply with certain restrictive financial covenants imposed by the banks. The financial covenants include, among other things, the maintenance of the following specific financial ratios: (1) the net gearing ratio, defined by the relevant bank as total borrowings plus contingent liabilities less total cash and bank deposits and investment over net tangible assets less proposed final dividends, shall not exceed 0.85:1; and (2) the amount of capital expenditures, as defined by the relevant banks, for the year ended 30th April 2002 shall not exceed HK\$70,000,000. The Group did not fulfill these two financial covenants as at 30th April 2002, but obtained waivers from the relevant banks in respect of such non-compliance in August 2002.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the nine months ended 31st January 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive director and independent non-executive directors have not been appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

By Order of the Board
Lam Wai Chun
Chairman

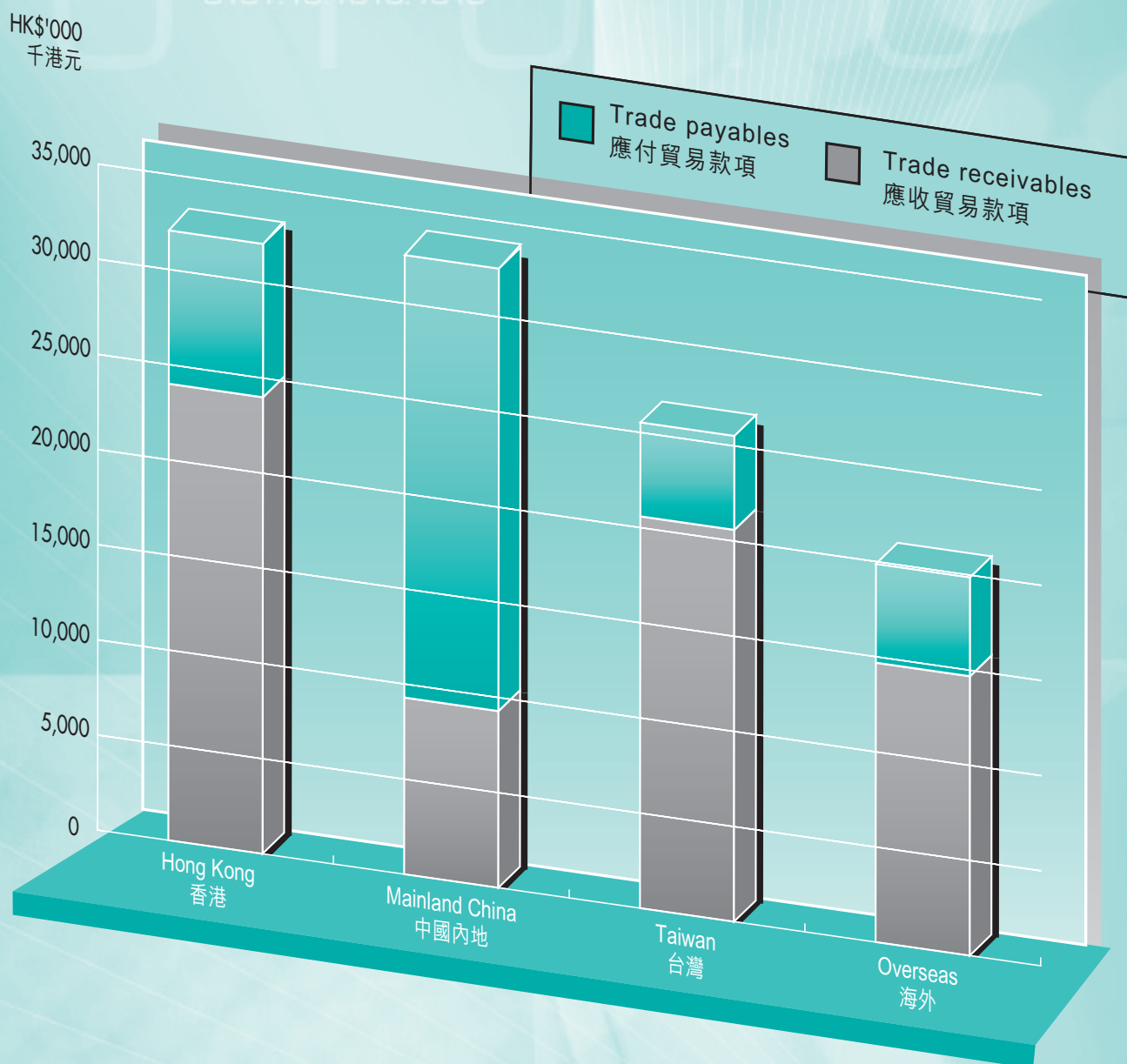
Hong Kong, 20th March 2003

Geographical analysis of trade receivables and trade payables

按地區分類之 As at 31st January 2003

應收貿易款項及應付貿易款項分析

於二零零三年一月三十一日



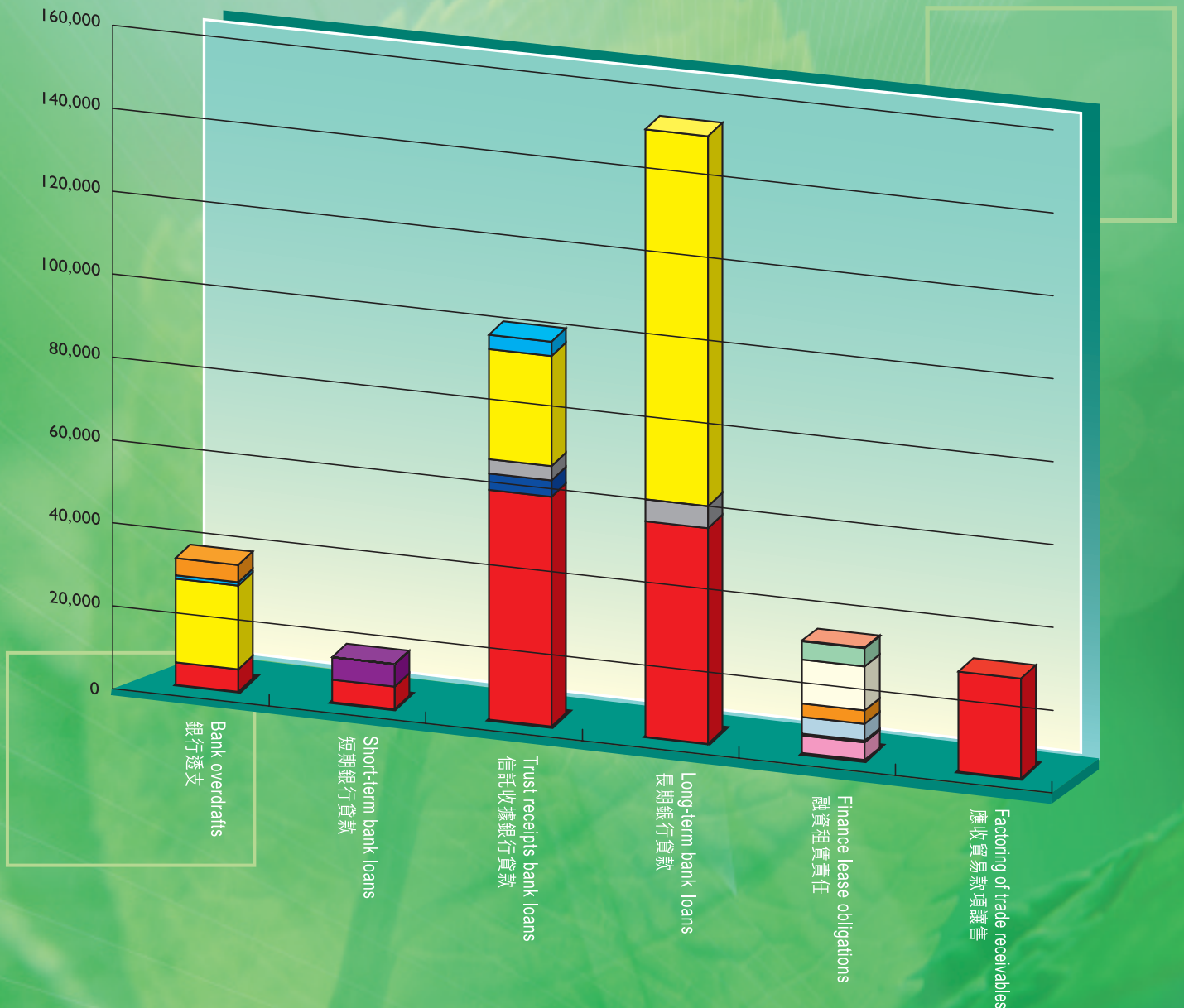
Summary of credit facilities utilisation

As at 31st January 2003

融資信貸動用摘要

於二零零三年一月三十一日

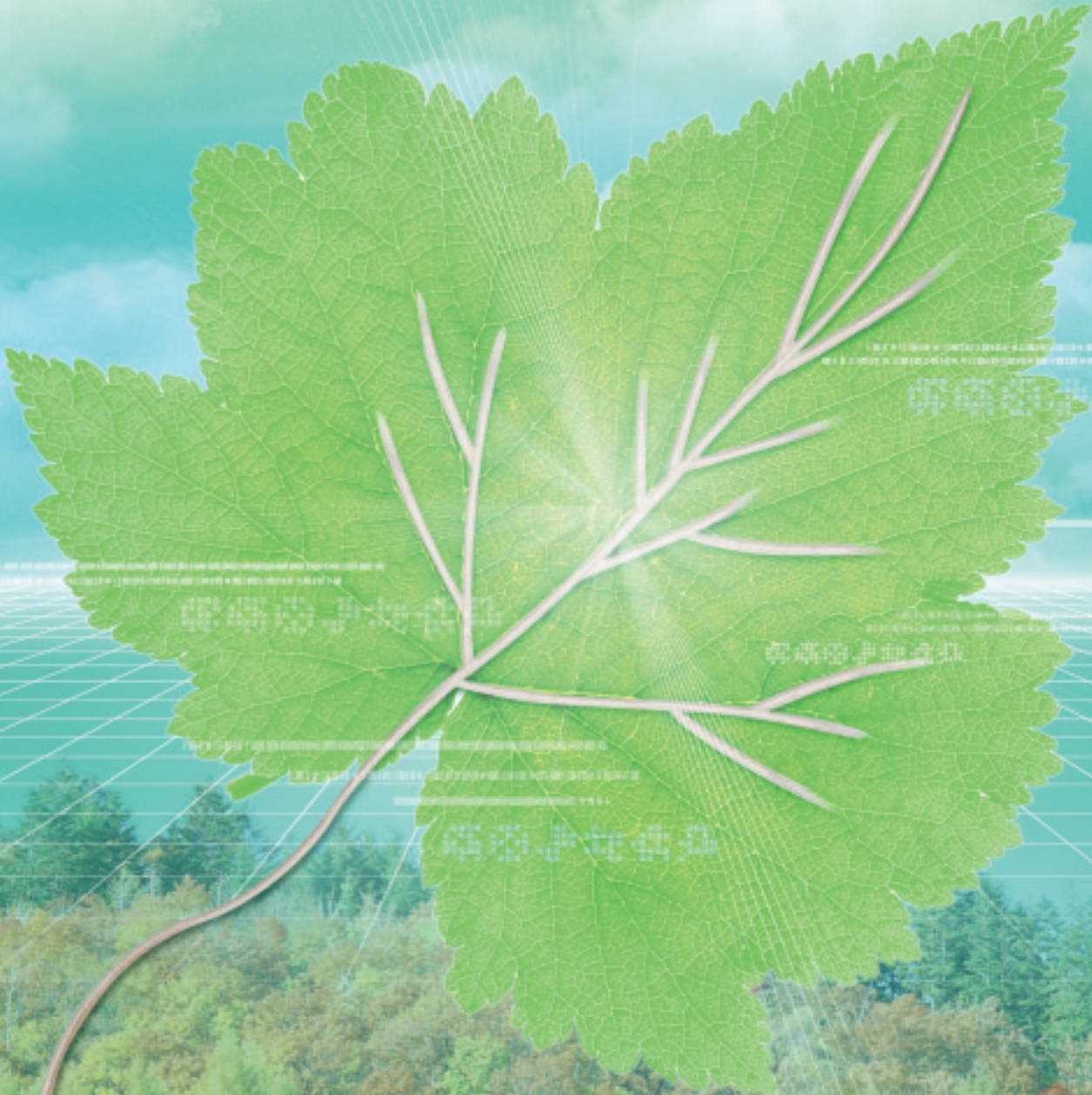
HK\$'000
千港元



- | | | |
|--|--|---|
| Way Chong Finance Limited
匯昌財務有限公司 | Trilease International Limited
鼎協租賃國際有限公司 | Hang Seng Bank Limited
恒生銀行有限公司 |
| BOT Lease (Hong Kong) Co., Limited
東銀利市(香港)有限公司 | Dah Sing Bank Limited
大新銀行有限公司 | East Asia Heller Limited
東亞興業有限公司 |
| ORIX Finance Hong Kong Limited
歐力士財務香港有限公司 | Standard Chartered Bank
渣打銀行 | The Hongkong and Shanghai Banking Corporation Limited
香港上海匯豐銀行有限公司 |
| East Asia Finance Company, Limited
東亞財務有限公司 | CITIC Ka Wah Bank Limited
中信嘉華銀行有限公司 | |
| China Construction Bank
中國建設銀行 | Dao Heng Bank Limited
道亨銀行有限公司 | |



iOMS



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