CHAIRMAN'S STATEMENT

RESULTS

For the year ended 31 March 2004, total sales of the Group increased 26.5% to approximately HK$1,197 million (2003: approximately HK$946 million), out of which sales of cable and wire products amounted to approximately HK$613 million, representing an increase of 2.8% and accounting for 51.3% of the Group's total sales. Sales of copper rod products during the year amounted to approximately HK$472 million, representing a substantial increase of 76.6% and accounting for 39.4% of the Group's total sales. Sales of connectors and terminals increased by 25% to approximately HK$102 million, accounting for 8.6% of the Group's total sales. The Group's loss as at 31 March 2004 amounted to approximately HK$85 million. Excluding impairment loss in respect of goodwill, share of results of associates and provisions in respect of debtors, amounting in aggregate to approximately HK$96 million which has been charged to the profit and loss account for the year, the actual profit for the year would have been approximately HK$11 million.

DIVIDENDS

The directors do not recommend payment of any dividend for the year ended 31 March 2004.

BUSINESS REVIEW

In terms of geographical breakdown, sales from our PRC and Hong Kong business showed a 46.5% increase to approximately HK$813 million, accounting for 68% of the Group's turnover, while turnover for our business in America decreased by 6.4% to approximately HK$201 million, accounting for 16.8% of the Group's turnover. Turnover for our business in other Asian markets amounted to approximately HK$143 million, representing an increase of about 17.4% and accounting for 12% of the Group's turnover. Sales from our European business amounted to approximately HK$39 million, accounting for approximately 3.2% of the Group's total sales.

Our consolidated gross profit margin was 11.6%, down from 16.2% for the previous year, while operating profit decreased to approximately HK$5 million (2003: approximately HK$48 million), after taking into account a provision for debtors of approximately HK$27 million. Meanwhile, the Group's distribution costs were also reduced by 9.1% to approximately HK$18 million (2003: approximately HK$20 million) or 1.5% of the amount of sales. The decline of the Group's operating profit was mainly attributable to three factors. First of all, raw material prices had been on the rise since the beginning of the 2003/04 financial year, with substantial increase in the prices of major raw materials such as copper cathode. Moreover, customers' call for price cuts remained a constant source of pressure. Furthermore, in 2004, restraining of bank lending through macroeconomic measures in the PRC has led to delays in settling some of the debtors by certain customers which requested for further extensions of credit terms and/or repayment periods. Despite gradual remission in the effects of the relevant macroeconomic measures, the Directors considered that it was prudent to make a provision for debtors. The Group's manufacturing operations continued to face challenging conditions presented by adverse global economic conditions, including the upsurge of commodity prices around the world and economic setback following the outbreak of severe acute respiratory syndrome (SARS) in the first quarter of the financial year. The management made adjustments to minimize the adverse impact of such totally unexpected development, amidst confusion and a lack of direction in customers' demand. The demand for electronic products rebounded generally in the second quarter of the current financial year as SARS came under control and consumers regained confidence.

BUSINESS REVIEW (continued)

Despite the SARS outbreak in Hong Kong and the PRC, the Group's operations had not been significantly affected. Preventive measures were implemented at the Group's offices in Hong Kong and Singapore and its factories in the PRC and Malaysia during the epidemic. Fortunately, none of the Group's employees were infected, and our offices and factories in various locations were able to maintain normal operations during the outbreak.

Cable and Wire Products

During the year under review, the Group's cable and wire manufacturing operations were met with numerous challenges. Sales and marketing activities in the industry originally scheduled for the beginning of the year were delayed owing to the looming SARS, and customers' orders were also postponed as a result. Market sentiments started to improve in June 2003, when the SARS epidemic gradually receded and the global economy began to show signs of recovery. There were improvements in both consumer spending and business confidence as economic recovery around the world gained pace. However, the market still experienced volatility from time to time as uncertainties continued to loom amid geopolitical tensions and the fear for terrorist attacks. Manufacturers around the world, notably those based in Europe and the United States, were reluctant to raise prices and increase stocks. Consequently, downstream manufacturers of wires and cables were obliged to handle ad-hoc orders with lower profit margin. At the same time, the prices of copper cathode and PVC resin increased in tandem with the global economic recovery. The copper price quoted at London Metal Exchange (LME) increased as much as 41% to an average of US$2,394 per ton for the half-year period from October 2003 to March 2004 from US$1,697 per ton for the period from April to September 2003, resulting in further pressure in manufacturing costs. The impact was notably underpinned by surplus stock and "throat-cutting" discounts in prices compelled by drastic fall in customer demand. The Group's profitability was also affected as it was required to provide provision for allowance in favor of customers and to dispose of slow-moving stock. Coupled with the fact that the peak season of the Group's wire and cable production falls in the period from May to October each year but not the second half of the current financial year, the wire and cable business was facing even greater challenges.

Despite intense market competition and increasing uncertainties in customer orders, the Group was still able to record growth in sales generated from its wire and cable business due to enhanced efforts in sales and marketing. There are indications that an increasing number of domestic and foreign enterprises are pursuing the dual emphasis on domestic sales and export sales as a long-term operational strategy, as the Yangtze River Delta has become a preferred base for companies seeking to tap the Eastern China and overseas markets. Given our increasingly strong customer base, we are looking forward to capture the vast opportunity in domestic and export sales presented by the Yangtze River Delta with the construction of our new plant in Kunshan, Jiangsu, the PRC, which is scheduled to commence production at the end of 2004 or early 2005.

BUSINESS REVIEW (continued)

Copper Rod Products

The copper rod business has been performing well in recent years. During the year under review, the copper rod operations recorded sales of approximately HK$472 million, representing a year-on-year growth of 76.6%. Global economic recovery propelled growth in global copper consumption during the year under review. On the other hand, there was an apparent lack of balance in the global demand and supply of processed copper as global copper production lagged behind the growth in consumption because of insufficient supply of raw materials for copper products. Meanwhile, the trend of improving the quality of copper processing and lowering inventory level resulted in ongoing recovery of copper prices. It should be noted that global copper prices surged in the fourth quarter of 2003. The average closing price for copper quoted on LME was US$2,046 per ton for the year under review, which was US$460 or 29% up compared to the corresponding period in the previous year. The Copper Group had been engaged in technological enhancement since 2002, expanding its production capacity by upgrading its machinery to realize untapped potential. The copper rod business recorded 34,685 tons in annual production, registering a year-on-year increase of 25.2%. The significant rise in copper prices also contributed to the dramatic increase in sales of the copper rod business.

Concerning the Sale of Interests in the Copper Rod Business and Acquisition of Controlling Interests in FT Holdings International Limited ("FT Holdings")

On 25 March 2004, the Group and FT Holdings entered into an acquisition agreement, pursuant to which, the Group agreed to procure the sale and FT Holdings agreed to procure the purchase of copper rod business of the Group. The aggregate consideration is at an agreed value of HK$320 million which will be satisfied by the issue and allotment of 8,000 million New FT Shares at a notional price of HK$0.04 each by FT Holdings to the Company upon completion. Immediately after the completion, the Company will hold approximately 75.5% of the issued share capital of FT Holdings as enlarged by the issue of consideration shares. The transaction constitutes a major transaction of the Company under the Listing Rules, which requires Independent Shareholders' approval. The Company obtained Independent Shareholders' approval in the Extraordinary General Meeting held on 30 June 2004.

The Directors believe that the injection of the copper rod business into another listed company will endow the business with independent financing capabilities. The Directors consider that the transaction brings about an excellent opportunity for the Group to realize its investment in the copper rod business at a reasonable price, while maintaining its controlling interests in such business and sharing the results of the copper rod business by virtue of its shareholdings in FT Holdings. The Directors consider that the transaction is in the interest of the Company and its shareholders as a whole.

BUSINESS REVIEW (continued)

Connectors and Terminals

Thanks to enhanced sales and marketing efforts, improved management and logistical controls, optimal allocation of resources and increased production efficiency, the Group's production base for connectors and terminals in Penang, Malaysia recorded satisfactory growth in sales and profit for the year under review despite increasing competition in the market. The Group was able to satisfy customers' requirements in terms of product prices and service quality, helping customers to consolidate and expand their market shares. The Directors are convinced that this is vital for reinforcing the strategic alliance between the Group and its customers, and is set to provide an important assurance for the Group's long-term and stable growth.

With a view to a more pro-active approach to improving the profitability of the connector and terminal business, the Group constructed a new production line for connectors and terminals in Qingdao, Shandong, the PRC, which was commissioned in June 2004 after machinery installation. Moreover, the effectiveness of the connectors and terminals supplied by the Group has gained further recognition from domestic and foreign enterprises following more vigorous marketing activities in major markets in East China and North China. The Directors believe that this will provide strong support for the connector and terminal plant in Qingdao, Shandong, the PRC to generate sound results.

PROSPECTS

Notwithstanding an increasingly competitive environment, the Group's overall business outlook remains positive. The Group's business in the coming year might be subject to power supply shortage in the PRC, the recent macro-economic controls implemented by the PRC government, rising raw material prices and ongoing interest rate hikes. The Group will continue to invest to product development, technology, design, marketing and entrepreneurship. The Group attaches great importance to containing operating costs as a means to uphold competitiveness and the success of the Group's cost reduction programs, including headcount reduction, is evidenced by lower administrative expenses. In addition, a streamlined operation will also enable the Group to make substantial savings in logistical expenses. Such measures help to reduce costs and thereby increase profit generated from business operations.

With an average annual GDP growth of 7%, China has become the unquestionable new driving force in the global economy. The Group is fully confident and optimistic in the long-term development potential of the China market, and will focus on the development and upgrade of the quality of products and services provided by the Group.

Looking to the future, the Group will continue to identify investment opportunities apart from organic growth that promise to add value. The Directors firmly believe that with the Group's solid foundations and the management's dedication, the Group is well positioned to enhance its competitiveness and cope with new challenges in the market in the coming year, which is expected to be evermore challenging.

EMPLOYEES

As at 31 March 2004, the Group had approximately 5,300 employees in Hong Kong, the PRC and overseas. Remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in PRC.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group has implemented sound financial management policy. The Group had cash and bank balances (including pledged bank deposits) amounted to of approximately HK$166 million (2003: HK$119 million) and net current assets value being over HK$306 million (2003: HK$240 million). The Group's gearing ratio as at 31 March 2004 was 0.37 (2003: 0.28 restated), being the ratio of total bank borrowings of approximately HK$295 million (2003: HK$216 million) to shareholders' funds of approximately HK$803 million (2003: HK$772 million restated).

As at 31 March 2004, the Group pledged certain property, plant and machinery, fixed deposits and trade debtors with an aggregate net book value of HK$181 million (2003: HK$166 million) to secure general banking facilities granted to the Group.

As at 31 March 2004, the Company has guaranteed the banking facilities granted to its subsidiaries amounting to approximately HK$229 million (2003: HK$153 million).

The transactions of the Group are mostly denominated in HK$, US$ and RMB. As the exchange rates of these currencies have been relatively stable, the Group was therefore not exposed to any significant exchange risk.

PLACING OF EXISTING SHARES AND SUBSCRIPTIONS OF NEW SHARES

Pursuant to the placing and subscription agreements dated 8 September 2003, Chau's Family 1996 Limited ("Chau's Family"), a substantial shareholder of the Company, placed 37,900,000 ordinary shares of HK$0.01 each in the capital of the Company to independent investors at a price of HK$0.50 per share and subscribed for 37,900,000 new ordinary shares of HK$0.01 each in the capital of the Company at a price of HK$0.50 per share. The Group had applied the net proceeds of approximately HK$18.6 million from the subscription as general working capital.

Pursuant to the placing and subscription agreements dated 20 November 2003, Chau's Family placed 45,490,000 ordinary shares of HK$0.01 each in the capital of the Company to independent investors at a price of HK$0.55 per share and subscribed for 45,490,000 new ordinary shares of HK$0.01 each in the capital of the Company at a price of HK$0.55 per share. The Group had applied the net proceeds of approximately HK$24 million from the subscription as general working capital.

CONDITIONAL ACQUISITION AGREEMENT WITH FT HOLDINGS

On 25 March 2004, the Company entered into a conditional acquisition agreement with FT Holdings. Pursuant to the agreement, the Company will dispose of the business of manufacture and trading of copper rods and related products to FT Holdings at an agreed value of HK$320 million. Details of the transaction are set out in the Company's circular to the shareholders dated 14 June 2004.

On 30 June 2004, the special general meeting of the Company ("Solartech SGM") was held for the purpose of approving the transaction and the resolution was duly passed as an ordinary resolution of the Company by way of poll at the Solartech SGM.

POST BALANCE SHEET EVENT

Placing of Existing Shares and Subscription of New Shares

Pursuant to the placing and subscription agreements dated 17 June 2004, Chau's Family placed 54,000,000 ordinary shares of HK$0.01 each in the capital of the Company to independent investors at a price of HK$0.27 per share and subscribed for 54,000,000 new ordinary shares of HK$0.01 each in the capital of the Company at a price of HK$0.27 per share. On completion of the subscription on 28 June 2004, 54,000,000 shares were issued and allotted to Chau's Family and net proceeds from the subscription of approximately HK$14.2 million would be used by purchasing raw materials (including copper cathode and PVC resin) for production of cables and wires.

ANNUAL GENERAL MEETING

The 2004 Annual General Meeting of the Company ("2004 Annual General Meeting") will be held on Friday, 10 September 2004.

CLOSURE OF REGISTERS OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the 2004 Annual General Meeting, the register of members will be closed from Thursday, 9 September 2004 to Friday, 10 September 2004, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company branch registrar in Hong Kong, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 8 September 2004.

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 year ended 31 March 2004.

PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

The Directors resolved to propose certain amendments to the Bye-laws of the Company in compliance with the new requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which became effective on 31 March 2004. Details of the proposed amendments will be set out in the Notice of the 2004 Annual General Meeting of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the year ended 31 March 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange, except that the independent non-executive directors are not appointed for a specific term.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, staff and management for their continuous dedication, commitment and support in the past year.

By order of the Board
Chau Lai Him
Chairman

Hong Kong SAR, 23 July 2004