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ORIENTAL PRINTED CIRCUITS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31ST DECEMBER 2001

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ORIENTAL PRINTED CIRCUITS LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31st December 2001.

Principal activity

The principal activity of the company is the manufacturing and sales of printed circuits boards.

Results and appropriation

The results for the year are shown on page 4

The directors do not recommend the payment of a dividend

Fixed assets

Details of the movements in fixed assets are shown in note 8 to the accounts

Directors

The directors during the year and at the date of this report are

Tang Hsiang Chien
Tang Chung Yen, Tom
Chan Wai Hong
Tang Ying Ming, Mai

In accordance with the company's Articles of Association, Chan Wai Hong and Tang Ying Ming, Mai, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election

Directors' interests

Except for contracts amongst group companies, no contracts of significance in relation to the company's business to which the company, its subsidiary company, its fellow subsidiary companies, its related companies or its holding company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the company, its subsidiary company, its fellow subsidiary companies, its related companies or its holding company a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate

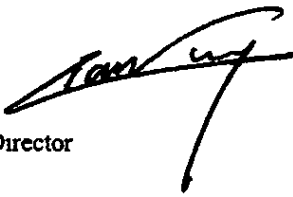
Management contracts

In accordance with the management service agreement dated 1st January 1997 between the company and its parent company, Meadville Limited, the company paid a management fee of HK\$5,400,000 (2000 HK\$5,400,000) to the parent company during the year

Auditors

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

On behalf of the Board



Director

Hong Kong, 10th June 2002

羅兵咸永道會計師事務所

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**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
ORIENTAL PRINTED CIRCUITS LIMITED**
(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 4 to 18 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st December 2001 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.


PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10th June 2002


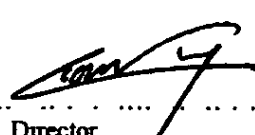
ORIENTAL PRINTED CIRCUITS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2001

	Note	2001 HK\$	2000 HK\$
Turnover		659,084,439	861,137,604
Other revenues	3	17,832,449	42,824,601
Changes in finished goods and work in progress		(18,728,767)	17,703,152
Raw materials and consumables		(516,982,402)	(689,411,521)
Staff costs		(67,477,733)	(80,199,717)
Depreciation		(14,837,569)	(14,825,132)
Other operating expenses		(73,294,203)	(97,367,239)
Operating (loss)/ profit	4	(14,403,786)	39,861,748
Financial costs	5	(6,641,077)	(8,156,795)
(Loss)/ profit before taxation		(21,044,863)	31,704,953
Taxation credit/(charges)	6	42,869	(6,384,715)
(Loss)/ profit after taxation		(21,001,994)	25,320,238
Retained profit brought forward		36,758,650	36,438,412
Profit available for appropriation		15,756,656	61,758,650
Dividends	7	-	(25,000,000)
Retained profit carried forward		15,756,656	36,758,650

ORIENTAL PRINTED CIRCUITS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2001

	Note	2001 HK\$	2000 HK\$
Fixed assets	8	44,223,857	58,409,003
Subsidiary company	9	17,087,955	13,227,024
Current assets			
Stocks and work in progress	10	32,348,929	50,683,327
Debtors and prepayments		124,045,568	173,535,948
Amounts due by group companies	11	127,990,275	98,507,554
Cash and bank balances		9,688,881	33,601,629
		<u>294,073,653</u>	<u>356,328,458</u>
Current liabilities			
Creditors and accruals		84,163,164	107,205,823
Amounts due to fellow subsidiary companies	12	75,728,232	137,779,921
Current portion of long term liabilities	14	6,981,000	6,981,000
Short term bank loans			
Unsecured		27,048,791	29,492,806
Secured	20	47,357,622	-
Taxation payable		-	4,415,285
		<u>241,278,809</u>	<u>285,874,835</u>
		<u>52,794,844</u>	<u>70,453,623</u>
Employment of funds		<u>114,106,656</u>	<u>142,089,650</u>
Financed by:			
Share capital	13	50,000,000	50,000,000
Retained profit		15,756,656	36,758,650
Shareholders' funds		<u>65,756,656</u>	<u>86,758,650</u>
Long term liabilities	14	46,000,000	52,981,000
Deferred taxation	15	2,350,000	2,350,000
 Director			
 Director			
Funds employed		<u>114,106,656</u>	<u>142,089,650</u>

ORIENTAL PRINTED CIRCUITS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2001

	Note	2001 HK\$	2000 HK\$
Cash flow from operating activities			
(Loss)/ profit before taxation		(21,044,863)	31,704,953
Depreciation		14,837,569	14,825,132
Net interest income		(1,688,923)	(192,383)
Loss on disposal of fixed assets		-	13,123
Operating (loss)/profit before working capital changes		(7,896,217)	46,350,825
Decrease/(increase) in stocks and work in progress		18,334,398	(17,235,947)
Decrease/(increase) in debtors and prepayments		49,490,380	(37,164,137)
(Decrease)/increase in creditors and accruals		(22,578,167)	11,003,257
(Increase)/decrease in net amount due from group companies		(95,395,341)	47,723,876
Cash (used in)/generated from operations		(58,044,947)	50,677,874
Interest received		8,330,000	8,349,178
Interest paid		(7,105,569)	(8,019,691)
Hong Kong profits tax paid		(4,372,416)	(2,878,825)
Net cash (used in)/from operating activities		(61,192,932)	48,128,536
Cash flows from investing activities			
Purchase of fixed assets		(652,423)	(15,020,488)
Net cash used in investing activities		(652,423)	(15,020,488)
Cash flows from financing activities			
Repayment of long term bank loans		(6,981,000)	(6,981,000)
Net (decrease)/ increase in short term bank loans repayable after three months from date of advance		44,913,607	1,412,806
Net cash used in financing activities	19(a)	37,932,607	(5,568,194)
Net (decrease)/ increase in cash and cash equivalents		(23,912,748)	27,539,854
Cash and cash equivalents at beginning of year		33,601,629	6,061,775
Cash and cash equivalents at end of year	19(b)	9,688,881	33,601,629

ORIENTAL PRINTED CIRCUITS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Share capital HK\$	Retained profit HK\$	Total HK\$
At 31st December 1999	50,000,000	36,438,412	86,438,412
Profit for the year	-	25,320,238	25,320,238
Dividends	-	(25,000,000)	(25,000,000)
At 31st December 2000	50,000,000	36,758,650	86,758,650
Loss for the year	-	(21,001,994)	(21,001,994)
At 31st December 2001	50,000,000	15,756,656	65,756,656

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

1 Principal activity

The principal activity of the company is the manufacturing and sales of printed circuit boards.

2 Principal accounting policies

The accounts have been prepared under the historical cost convention and in accordance with generally accepted accounting principles in Hong Kong

The principle accounting policies adopted in the preparation of these accounts are set out below

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and provision for significant impairment in values

Depreciation of fixed assets is calculated, using the straight line method, to write off the cost of assets over their estimated useful lives as follows

Leasehold improvements	40 years
Plant and machinery	6 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Where the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Profits and losses on disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account.

(b) Subsidiary company

A company is a subsidiary company if more than 50% of the issued equity capital is held for the long term or if the composition of the board of directors is controlled. Investment in subsidiary company is carried at cost less provision. Provision is made when, in the opinion of the directors, there is a permanent diminution in value.

(c) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost, calculated on a weighted average basis, comprises material, direct labour and an appropriate proportion of production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and selling expenses.

(d) Deferred taxation

Deferred taxation is accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

2 Principal accounting policies (Continued)

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and amounts repayable on demand from banks and financial institutions, less advances from banks and financial institutions repayable within three months from the date of the advance

(f) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Employee entitlements to annual and long service leaves are recognised when they accrue to employees. Provisions are made for the estimated liabilities for annual and long service leaves as a result of services rendered by employees up to the balance sheet date

Restructuring provisions mainly comprise lease termination penalties and employee termination payments, and are recognised in the period in which the company becomes legally or constructively committed to payment. Employee termination benefits are recognised only after either an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms. Costs related to the ongoing activities of the company are not provided in advance. Any fixed assets that are no longer required for their original use are transferred to current assets and carried at the lower of the carrying amount or estimated net realisable value

(g) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases.

(h) Foreign currencies

Transaction in foreign currencies during the year are converted at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. All exchange differences are dealt with in the profit and loss account

(i) Turnover and revenue recognition

Turnover represents gross invoiced sales less returns and allowances. Sales of goods are recognised upon delivery of goods. Interest income is recognised on a time proportion basis.

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

3 Other revenues

	2001 HK\$	2000 HK\$
Sales of raw materials	7,331,347	32,088,564
Interest	8,330,000	8,349,178
Rental income	1,670,077	1,106,820
Sales of scraps	237,807	565,688
Sundries	263,218	714,351
	<u>17,832,449</u>	<u>42,824,601</u>

4 Operating (loss)/ profit

	2001 HK\$	2000 HK\$
Operating (loss)/ profit is arrived at after charging the following: -		
Cost of sales	628,553,623	789,387,673
Directors' remuneration		
Fees	-	-
Other emoluments	-	3,000,000
Auditors' remuneration	384,000	384,000
Operating lease rental expenses for land and buildings	3,794,454	6,144,776
Management fee	5,400,000	5,400,000
Exchange loss	663,626	321,365
Loss on disposal of fixed assets	-	13,123
	<u></u>	<u></u>

5 Financial costs

	2001 HK\$	2000 HK\$
Interest expenses		
Bank loans and overdrafts	2,846,523	3,615,561
Secured bank loans	574,554	1,321,234
Loan from parent company	3,220,000	3,220,000
	<u>6,641,077</u>	<u>8,156,795</u>

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

6 Taxation

	2001 HK\$	2000 HK\$
Hong Kong profits tax		
Provision for the year	-	6,400,000
Overprovision in respect of prior year	(42,869)	(15,285)
	<u>(42,869)</u>	<u>6,384,715</u>

No Hong Kong profits tax is provided as the company has no assessable profit for the year (2000 16%) Deferred taxation benefit for the year amounting to HK\$3,327,000 (2000: HK\$1,273,000) in respect of accelerated depreciation allowances has not been amounted for

7 Dividends

	2001 HK\$	2000 HK\$
Interim dividend paid (2000: HK\$50 per share)	-	25,000,000
	<u>-</u>	<u>25,000,000</u>

8 Fixed assets

	Leasehold improve- ments HK\$	Plant and machinery HK\$	Furniture, fixtures and office equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost					
At 31st December 2000	11,392,292	159,479,273	5,900,105	1,546,223	178,317,893
Additions	-	231,383	421,040	-	652,423
At 31st December 2001	<u>11,392,292</u>	<u>159,710,656</u>	<u>6,321,145</u>	<u>1,546,223</u>	<u>178,970,316</u>
Accumulated depreciation					
At 31st December 2000	2,291,180	111,803,332	4,670,423	1,143,955	119,908,890
Charge for the year	293,310	13,843,122	471,195	229,942	14,837,569
Written back on					
At 31st December 2001	<u>2,584,490</u>	<u>125,646,454</u>	<u>5,141,618</u>	<u>1,373,897</u>	<u>134,746,459</u>
Net book value					
At 31st December 2001	<u>8,807,802</u>	<u>34,064,202</u>	<u>1,179,527</u>	<u>172,326</u>	<u>44,223,857</u>
At 31st December 2000	<u>9,101,112</u>	<u>47,675,941</u>	<u>1,229,682</u>	<u>402,268</u>	<u>58,409,003</u>

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

9 Subsidiary company

	2001 HK\$	2000 HK\$
Unlisted shares at cost	2,340,008	2,340,000
Amount receivable	14,747,947	10,887,024
	<u>17,087,955</u>	<u>13,227,024</u>

The amount receivable is unsecured, interest free and has no fixed repayment terms

Particulars of the subsidiary company are

Name	Country of incorporation	Principal activities	Percentage of equity held
Oriental Printed Circuits, Inc	United States of America	Marketing agent	100
Oriental Printed Circuits (Singapore) Pte Limited	Singapore	Marketing agent	100

Group accounts have not been prepared for the company and its subsidiary as the company itself is a wholly owned subsidiary of another company

Based on management accounts of the subsidiary companies made up to 31st December 2001, the aggregate losses of the subsidiary companies attributable to the company since its incorporation amounted to HK\$18,478,295 (2000 HK\$12,808,963) and have not been dealt with in the company's account, of which loss of HK\$5,669,332 (2000. HK\$3,042,102) attributable to the year ended 31st December 2001. The parent company has expressed its intention to provide continuing financial support to the subsidiary companies so as to enable them to meet their obligations as and when they fall due. The parent company has also confirmed that it will indemnify the company for any losses arising from the investment in and advances to the subsidiary companies.

ORIENTAL PRINTED CIRCUITS LIMITED**NOTES TO THE ACCOUNTS****10 Stocks and work in progress**

	2001 HK\$	2000 HK\$
Raw materials	2,244,298	1,863,049
Work in progress	4,552,386	9,041,878
Finished goods	23,935,837	38,175,112
Consumable stores	1,616,408	1,603,288
	<u>32,348,929</u>	<u>50,683,327</u>

Stocks carried at net realisable value amount to HK\$4,427,556 (2000 HK\$1,818,216).

11 Amounts due by group companies

	2001 HK\$	2000 HK\$
Parent company	124,131,651	95,184,818
Fellow subsidiary companies	3,858,624	3,322,736
	<u>127,990,275</u>	<u>98,507,554</u>

Amount receivable of HK\$119,000,000 (2000 HK\$119,000,000) carries interest at 7% per annum, with the remaining balances interest free. All amounts receivable are unsecured and have no fixed repayment terms, except for trading balances which are due within normal credit terms.

12 Amount due to fellow subsidiary companies

All amounts payable are unsecured, interest free and with normal credit terms

13 Share capital

	2001 HK\$	2000 HK\$
Authorised, issued and fully paid		
500,000 shares of HK\$100 each	<u>50,000,000</u>	<u>50,000,000</u>

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

14 Long term liabilities

	2001 HK\$	2000 HK\$
Secured bank loans (note 19)	6,981,000	13,962,000
Loans from parent company	46,000,000	46,000,000
	<u>52,981,000</u>	<u>59,962,000</u>
Current portion included in current liabilities	(6,981,000)	(6,981,000)
	<u>46,000,000</u>	<u>52,981,000</u>

The bank loans are repayable in equal quarterly instalments and bears interest at 1.5% above SIBOR.

The loans payable to the parent company are unsecured, carries interest at 7% per annum and repayable on demand with written notice of not less than twelve months

15 Deferred taxation

	2001 HK\$	2000 HK\$
Balance brought forward	2,350,000	2,350,000
Provision during the year	-	-
Reclassified from current taxation	-	-
	<u>2,350,000</u>	<u>2,350,000</u>
Balance carried forward	<u>2,350,000</u>	<u>2,350,000</u>

Deferred taxation has been provided in the accounts in respect of accelerated depreciation allowances.

At 31st December 2001, there were unprovided deferred taxation liabilities in respect of the following:

	2001 HK\$	2000 HK\$
Accelerated depreciation allowances	<u>3,800,000</u>	<u>7,127,000</u>

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

16 Capital commitments

	2001 HK\$	2000 HK\$
Contracted but not provided for	342,657	1,294,000
Authorised but not contracted for	-	-
	<u> </u>	<u> </u>

17 Lease commitments

At 31st December, the company had future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows

	2001 HK\$	2000 HK\$
Not later than one year	265,200	151,200
Later than one year and not later than five years	137,900	50,400
	<u> </u>	<u> </u>
	<u>403,100</u>	<u>201,600</u>

18 Contingent liabilities

The company, together with one of its fellow subsidiary, has given cross guarantee for banking facilities amounting to HK\$125 million (2000 Nil) granted to them

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

19 Notes to the cash flow statement

(a) Analysis of changes in financing

	Bank and short term loans HK\$
At 31st December 1999	49,023,000
Cash outflow from financing	(5,568,194)
At 31st December 2000	43,454,806
Cash inflow from financing	37,932,607
At 31st December 2001	81,387,413

(b) Analysis of cash and cash equivalents

	2001 HK\$	2000 HK\$
Cash and bank balances	9,688,881	33,601,629
Short term bank loans repayable within three months from date of advance	-	-
	9,688,881	33,601,629

20 Pledge of assets

At 31st December 2001 the company has executed a debenture over all property and assets of the company in favour of a bank for banking facilities amounting to HK\$167.2 million (2000: HK\$174.2 million).

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

21 Related party transactions

The company regularly conducts transactions in the normal course of business with the ultimate holding company, subsidiary and fellow subsidiary companies of the group, details of which during the year are as follows

	2001 HK\$	2000 HK\$
Sale of finished goods to a fellow subsidiary company (note a)	20,684,349	3,935,467
Purchases of laminated boards from fellow subsidiary companies (note b)	125,848,283	187,458,604
Purchases of finished goods from fellow subsidiary companies (note c)	415,917,032	559,701,641
Management fee expense to parent company (note d)	5,400,000	5,400,000
Handling fee for sales of materials to fellow subsidiary companies (note e)	7,331,347	32,088,564
Operating lease rental income from a fellow subsidiary company		
Plant and machinery	1,670,076	1,106,820
Land and buildings (note f)	340,416	340,417
Operating lease rental expense to parent company		
Land and buildings (note g)	3,531,600	5,885,976
Commission expense to the subsidiary company (note h)	1,795,895	3,665,685
Interest income from parent company (note i)	8,330,000	8,349,178
Interest expense to parent company (note i)	3,220,000	3,220,000

- (a) Sales of finished goods are conducted at prices and terms no less than those charged to and contracted with other third party customers of the company.
- (b) Purchases of laminated boards are conducted at prices and terms no less than those charged by and contracted with other third party suppliers of the company, which are subject to an annual volume discount
- (c) Purchases of finished goods are conducted at prices and terms no less than those charged by and contracted with other third party suppliers of the company
- (d) Management fee is subject to the contract terms as signed by the parties involved, which is at a fixed monthly fee for the provision of management services and consultancy services by the parent company
- (e) Handling fee income is determined by applying a fixed rate on the costs of materials purchased on behalf of fellow subsidiary companies
- (f) Rental income from a fellow subsidiary company is calculated at a fixed monthly fee based on rental agreements which are renewed annually
- (g) Rental expense to parent company is calculated at a fixed monthly fee based on rental agreements which are renewed annually
- (h) Commission expense is determined by applying a range of agreed rates on the sales negotiated by the subsidiary company on behalf of the company
- (i) Interest is calculated at 7% per annum on the outstanding amounts (note 11).

ORIENTAL PRINTED CIRCUITS LIMITED

NOTES TO THE ACCOUNTS

22 Parent and ultimate holding company

The parent company is Meadville Technologies Group Limited and the ultimate holding company is Su Sih Enterprises Limited, both incorporated in Hong Kong.

23 Approval of accounts

The accounts on pages 4 to 18 were approved by the Board of Directors on 10th June 2002