



On behalf of the Board of Directors, I am pleased to present the annual results for the year ended 31 March 2003 to our shareholders.

RESULTS AND DIVIDEND

For the year ended 31 March 2003, the Group's turnover totalled HK\$3,074 million, representing an increase of 8% over that of last year. Net profit for the year increased by 4.5% from the previous financial year to achieve approximately HK\$230 million.

The Board of Directors recommended a final dividend of HK8 cents per share, together with the interim dividend paid during the year, amounting to total dividends of HK14 cents per share for this year, which represents 7.7% increase as compared to the HK13 cents per share for the previous year.

本人謹代表董事會欣然向股東提呈截至二零零三年三月三十一日止年度之業績。

業績及股息

截至二零零三年三月三十一日止年度，本集團之營業額合共為3,074,000,000港元，較上一個財政年度上升8%。本年度純利約為230,000,000港元，較上一個財政年度上升4.5%。

董事會建議派發末期股息每股8港仙，連同年內已派付之中期股息，本年度之股息合共為每股14港仙，較去年之13港仙上升7.7%。

BUSINESS REVIEW

The Electronics Manufacturing Services ("EMS") division

The business environment in the Group's major markets was generally affected by the political and economic uncertainty during the year under review. Economic conditions were particularly weak in the period preceding the US-Iraq war and have yet to demonstrate obvious signs of recovery.

The outbreak of Severe Acute Respiratory Syndrome ("SARS") has caused serious concerns, particularly for the business environment in the People's Republic of China ("PRC"), including Hong Kong. The Group has effectively implemented certain preventive measures to minimize potential risks to the health of our staff and workers and to the Group's operation.

Despite the weak economic climate, the Group attained solid growth in sales turnover.

The EMS division, which contributed approximately 93.2% of the Group's sales turnover, achieved a total revenue of HK\$2,865 million (2002: HK\$2,639 million), representing an increase of 8.6%. The steady performance in sales turnover reflected consistent demand for low cost electronics products in the mass market segment. Home audio products were still the Group's core business and the Group successfully expanded its business in digital related products, including MP3 discman and DVD players. Certain high-valued digital products, including DVD combos and home theatre systems, were launched to the market in June 2003 and market response has been very positive. It is the Group's strategy to move towards higher-margin products and to increase its market share on a steady basis while maintaining its leading position in the mass market of home audio products.

業務回顧

電子製造服務(「EMS」)部門

於回顧年度，本集團主要市場之營商環境普遍受到政治及經濟不明朗因素影響。經濟環境於美伊戰爭爆發前夕更為疲弱，直至目前為止仍未有明顯的復甦跡象。

而嚴重急性呼吸系統綜合症(「非典型肺炎」)之爆發亦備受關注，尤其是該病症對中華人民共和國(「中國」)(包括香港)營商環境之影響。本集團已有效實施若干防疫措施以減低僱員與員工受感染之機會及對本集團業務運作之影響。

儘管經濟疲弱，本集團之銷售額仍錄得穩健增長。

EMS部門佔本集團銷售額約93.2%，錄得總收益2,865,000,000港元(二零零二年：2,639,000,000港元)，增幅達8.6%。從銷售額之穩定表現反映低成本電子產品一直具有龐大之市場需求。家庭音響產品仍為本集團之核心業務，本集團已成功開拓數碼系列產品，包括MP3鐳射唱機及DVD機。多款高價值數碼產品如DVD機組合及家庭影院系列已於二零零三年六月推出市面，而且市場反應熱烈。本集團之策略為轉移拓展高利潤產品，同時穩步增加市場佔有率，並繼續保持於家庭音響產品市場之領導地位。

During the year under review, the US was still the major market for the Group. The American market accounted for 59.4% of total turnover and European sales continued to grow satisfactorily, which increased 27.5% compared to last year, and accounted for 21.8% of total turnover. During the year, the Group also solicited a number of new customers including a leading German retailer, a major international importer and a leading local electronics conglomerate.

In March 2003, the Group upgraded its ISO 9001 quality system to the latest year 2000 version, illustrating the Group's strong commitment to upgrading and improving its quality system and operations.

Vertical integration strategies

The Group's key competitive advantages are its low-cost, efficient and large-scale manufacturing platform in the PRC and the distinctive capabilities derived from running a highly vertically-integrated operation. A large majority of components are produced in-house including metal and plastic parts, transformers, PCB, polyfoam and printing. The operation of fuel-oil power generation facilities also ensured power cost savings and reduced the impact of soaring petroleum prices triggered by the US-Iraq war during the year. The Group continued to diversify its vertically-integrated production bases and its new component manufacturing operations include electroplating, production of springs and flexible circuit boards. Certain advanced SMT and CNC moulding-machines were also added.

Total capital expenditure was HK\$215 million, out of which HK\$98 million was invested in the

於回顧年度，美國仍為本集團之主要市場。美洲市場佔總營業額59.4%，而歐洲市場之銷售額持續取得理想增長，較去年增加27.5%，佔總營業額21.8%。年內，本集團亦物色多名新客戶，其中包括德國主要零售商、著名國際進口商及著名本地電子綜合企業。

於二零零三年三月，本集團已將ISO 9001品質系統提升至最新之2000年版本，盡顯本集團致力提升及改善其產品質素及運作模式之決心。

垂直綜合策略

本集團所具備之主要競爭優勢是在中國擁有低成本高效率之大規模製造平台，以及因採用高度垂直綜合生產而達致的卓越產能。本集團大部份配件均由內部生產，包括金屬及塑膠部件、變壓器、印刷電路版、發泡膠及印刷等，而經營燃油發電設施運作可確保達至節省能源成本及減低因年內美伊戰爭觸發石油價格暴升所帶來之影響。本集團不斷發展其垂直綜合生產基礎及新配件製造業務，包括電鍍、生產彈簧及軟性電路板，並已購入多款先進全自動貼片機及電腦加工中心等模具裝置。

本集團之總資本開支為215,000,000港元，當中98,000,000港元乃用作投資發展清遠毅

development of Qingyuan Ngai Lik Industrial Estate. The Group also acquired plant and machinery of HK\$38 million for the purpose of production enhancement and invested HK\$20 million in moulds.

The Motorcycle division

Despite the increasingly competitive motorcycle market in the PRC, the division's sales turnover was HK\$209 million, which is comparable to the previous year. The motorcycle division faced a difficult year and the market conditions were further aggravated by the recent outbreak of SARS in the PRC. During the year, the Group implemented various cost reduction measures and recorded a gross profit of HK\$10 million, representing a 48% decrease compared to last year. The floor area occupied by the motorcycle plant has been reviewed and about two thirds of its total usable floor area has been either reclassified as investment properties or reallocated to the production operations of EMS division.

The Group considers the motorcycle division as its non-core business and will continue to strictly control future capital spending therein. The Group continues to actively review available strategic options relating to the motorcycle division.

Employee information

As at 31 March 2003, the Group employed a total of 139 employees in Hong Kong (2002: 143) and approximately 26,000 employees in the PRC (2002: 23,000). The increase in headcount in the PRC resulted from further expansion in the production and vertically-integrated operations in the PRC. Remuneration packages are generally structured by reference to market terms and individual

力工業村。本集團亦添置總值38,000,000港元之廠房及機器作擴充生產之用，以及投資總值20,000,000港元之模具。

電單車部門

儘管中國電單車市場競爭激烈，本集團電單車部門仍錄得209,000,000港元之銷售額，與去年相若。電單車部門面對艱難的一年，而市場環境更受到中國近期爆發非典型肺炎影響而進一步惡化。年內，本集團已實施多項削減成本措施，最終錄得了10,000,000港元之毛利，較去年下跌48%。電單車工場所佔用之工廠已作整頓，約三分之二的可用總面積已重新分類為投資物業或重新分配作為EMS部門營運生產之用。

本集團已將電單車部門列為本集團之非核心業務，並將繼續嚴謹控制其日後之資金開支，本集團繼續積極考慮一切與電單車部門相關之可行策略。

僱員資料

於二零零三年三月三十一日，本集團於香港之僱員總數為139名（二零零二年：143名），而於中國內地之僱員總數則約為26,000名（二零零二年：23,000名）。增聘中國之員工乃由於進一步擴充中國之生產及垂直綜合營運所致。薪金一般參考市場標準及個別員工資歷而釐定。薪金及工資一般於每年根據表現評估及其他相關因素作出檢討。

qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. Bonuses are normally paid to management staff based on individual merit as well as results of their respective companies.

Staff benefit plans for the Hong Kong staff include a provident fund scheme and medical and life insurance. The Company also maintains a Share Option Scheme, under which options may be granted to employees, to subscribe for shares in the Company. This Share Option Scheme is designed to give employees both an incentive to perform and a stake in the Company.

PROSPECTS

Looking forward, mass market of audio products will remain the major source of profit contribution for the Group. The global consumer market for audio products is expected to grow steadily and the high fidelity digital formats of MP3, DVD and enhanced CD technologies are the key drivers of market growth. Order placements from existing customers are promising. Despite the keen market competition in the consumer electronics markets, the Group is confident of achieving another solid performance in the coming year.

With the gradual completion of the Qingyuan Ngai Lik Industrial Estate in the PRC, the Group expects greater synergies and benefits from economies of scale. The first phase of construction of Qingyuan Ngai Lik Industrial Estate will be put into use during the third quarter of 2003 and production capacity is expected to increase considerably. This year, the Group plans to manufacture corrugated papers, rubber parts, 3.5-inch and 4-inch speakers, connectors, labels, paper packaging and also to

本集團亦按管理層人員各自之良好表現及各公司之業績發放花紅。

香港員工之員工福利計劃包括公積金計劃及醫療及人壽保險。本公司亦提供購股權計劃，據此可向僱員授予購股權以認購本公司股份。此項購股權計劃旨在給予僱員動力及權益以為本公司提供更佳表現。

前景

展望未來，大眾化音響產品仍為本集團收益增長之主要來源。音響產品之全球消費市場預期增長穩定，而高度精確數碼制式之MP3、DVD機及改良之CD技術已成為市場增長之主要動力。現有客戶所給予之訂單之情況理想。縱使面對消費電子市場之激烈競爭，本集團仍然深信於未來一年能再創佳績。

隨著設於中國的清遠毅力工業村竣工，本集團期望可達至更理想之協同效益及規模經濟效益。清遠毅力工業村第一期之建設將於二零零三年第三季投入生產，預期產量將錄得可觀增長。本年度，本集團計劃生產瓦楞紙、橡膠組件、3.5吋及4吋揚聲器、連接器、標籤、紙塑包裝及加強單面電路板之生

upgrade its single-layer PCB operation. Moreover, the plastic injection capacity should increase substantially through the increase of several new injection machines.

The Group is committed to providing quality goods at affordable prices to our customers and continuous development of new products in order to maintain our competitive position in the market. New digital products, including LCD TV with DVD players and DVD recorders, will be introduced to the market in the future.

The Group pursues a proactive policy of promoting relationship and communications with investors by maintaining regular meetings with institutional investors and analysts. The Group also actively participated in various investors' conferences and roadshows in Asia, Europe and US during the year. In order to further promote effective communications, the Group maintains a website (www.ngailik.com) to disseminate information about the Group electronically on a timely basis.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to take this opportunity to express sincere gratitude to our management team and staff for their efforts in pursuance of excellence, which help cultivate the growing momentum of the Group. The Group will continue to offer the best and most-needed products and services to its customers, which is believed to bring satisfactory returns to our shareholders and investors.

By order of the Board

Lam Man Chan

Chairman

Hong Kong, 8 July 2003

產運作。再者，增添多台塑料注模機後可令塑料注模之產量大幅增加。

本集團以相宜價格向客戶提供高質素貨品，並不斷發展新產品以保持市場競爭力。將來，本集團將推出更多新款數碼產品，包括液晶體電視連DVD機及DVD錄影機等。

本集團定期與機構投資者及分析員舉行會議以積極加強與投資者之關係及溝通。於本年度，本集團亦積極參與多個於亞洲、歐洲及美國舉辦之投資者會議及路演。為進一步達至有效溝通，本集團設立一個企業網頁 (www.ngailik.com) 以透過電子方式即時提供本集團之資料。

致謝

本人謹代表董事會，衷心感謝管理層及員工們團結一致地追求卓越、為集團成長作出貢獻。本集團將繼續努力，承諾為顧客提供最滿意的產品和服務，為股東及投資者帶來滿意回報。

承董事會命

林文燦

主席

香港，二零零三年七月八日