

總裁報告

本人謹代表台和商事控股有限公司向各股東提呈截至二零零三年三月三十一日止年度之週年報告。

本人藉此感謝各員工對集團之貢獻及努力，共渡艱難的營商環境及確保集團於過去一年成績尚穩健。

業績及股息

截至二零零三年三月三十一日止年度，本集團錄得除稅及少數股東權益後之綜合淨盈利一千二百三十萬港元，比去年同期增加百分之十九。每股基本盈利為7.76港仙（二零零二年：6.51港仙）。

本年度集團之營業額由去年七億三千三百六十萬港元增加至七億七千三百五十萬港元，增長百分之五點四。

董事局建議向於二零零三年八月十五日名列本公司股東名冊之股東派發末期股息每股1.5港仙。如股東週年大會上獲股東通過，末期股息將於二零零三年九月五日派發。本年度已派發中期股息每普通股派1.5港仙，合共二百四十萬港元。

PRESIDENT'S STATEMENT

On behalf of Daiwa Associate Holdings Limited, I would like to present to shareholders the Group's audited report for the year ended 31 March 2003.

I am taking this opportunity to express our gratitude to the Group's staff for their contributions enabling the Group to work through a tough business environment and securing a fair performance for the preceding year.

RESULTS AND DIVIDEND

The Group recorded a consolidated net profit after taxation and minority interests for the year ended 31 March 2003 of HK\$12.3 million, representing a growth of 19% from last reported year. Basic earnings per share was HK7.76 cents (2002: HK6.51 cents).

During the year, turnover of the Group increased from HK\$733.6 million to HK\$773.5 million, representing an increase of 5.4% from that of the previous financial year.



電子專業生產用之貼片設備
Surface Mounted Facilities for EMS Projects

The Board of Directors has proposed a final dividend of HK1.5 cents per ordinary share payable to shareholders whose names appear on the Register of Members of the Company on 15 August 2003. Subject to the shareholders' approval at the forthcoming annual general meeting, the dividend will be payable on 5 September 2003. During this year, an interim dividend of HK1.5 cents per ordinary share amounting to HK\$2.4 million was distributed.

流動資金及財務資源

於二零零三年三月三十一日，本集團之流動資產淨值達一億四千三百六十萬港元，而股東資本為二億七千四百四十萬港元。貸款與融資租約承擔總額維持低水平於四千三百萬港元，而資本負債比率（借貸總額扣除少數股東權益及遞延稅項後除以股東資金）為0.16。年底現金及銀行結餘為六千零八十萬港元，而扣除銀行借貸後，結餘為二千三百萬港元。

於二零零三年三月三十一日，本集團所獲之總銀行信貸額約一億四千七百九十萬港元，而仍可用之信貸額為九千零七十萬港元。在同日融資租約承擔為五百二十萬港元。

本集團之資產由股東資金、應付營業賬項及銀行借貸組成。應付營業賬項及銀行借貸需於一年內償還。借貸、現金及現金等額主要以港元、美元及人民幣為單位。由於這些貨幣匯率較穩定，本集團在外幣負債、資產及投資沒有使用貨幣對沖工具。本集團監控與以上貨幣組合有關之負債、現金及現金等額，以減低匯兌風險。集團之貸款均按浮動息率計算。於二零零三年三月三十一日，本集團並無抵押固定資產作銀行信貸。

由於本年度引進新經銷線及營業額增加，存貨水平上升至一億二千一百三十萬港元（二零零二年：八千二百八十萬港元），兩年之庫存流轉均低於六十天。

集團為未來之增長而致力產品之研究及開發，與及生產工藝流程更新。本年度此等支出除資本性支出外，約為六百五十萬港元，並已列入損益賬中。

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2003, the Group's net current assets amounted to HK\$143.6 million and the shareholders' funds were HK\$274.4 million. The amount of total borrowings and finance lease obligations was at low level of \$43 million and the gearing ratio, which is defined as total borrowings, excluding minority interests and deferred taxation to shareholders' funds was 0.16. The year-end cash and bank balances were HK\$60.8 million while after net of bank borrowings was HK\$23 million.

At 31 March 2003, total available banking facilities of the Group were approximately HK\$147.9 million, of which HK\$90.7 million was available for use. Finance lease obligations outstanding on the same date amounted to HK\$5.2 million.

The Group's assets were financed by shareholders' funds, trade payables and bank borrowings. Trade payables and bank borrowings are repayable within one year. The borrowings, cash and cash equivalents were mainly



EMS產品—通訊模塊
EMS Product — Telecommunication Module

denominated in Hong Kong dollars, US dollars or Renminbi. As the exchange rates of these currencies are relatively stable, the Group did not use any financial instruments to hedge the foreign currency liabilities, assets or investments. Instead, the Group monitored the mix of the borrowings and cash and cash equivalents relating to these currencies to minimize the effect of the exchange risk. The Group's borrowings were bearing interest at floating rates. At 31 March 2003, the Group did not pledge any fixed assets for securing banking facilities.

Due to the introduction of new distribution line and the increased turnover in the reported year, inventory level was increased to HK\$121.3 million (2002: HK\$82.8 million). Stock turnover was under 60 days for both years.

As the core of future, the Group laid great effort in product research and development activities as well as production process re-engineering. During the year, except for the capital expenditure, total amount incurred for these activities was approximately HK\$6.5 million, which has been charged to the current year's profit and loss account.

業務回顧及前景

本集團致力於以下二項主要業務：

- 製造及經銷電子元器件業務
- EMS(電子專業生產服務)、OEM及ODM業務

電子元器件

本年度此方面之營業額為四億九千三百六十萬港元，比去年增長百分之六點二(二零二零年：四億六千四百八十萬港元)。

元器件製造業務

本集團從事製造二極管(DO35、DO34、微型MELF及DO41封裝)、三極管(SOT23及TO92封裝)、可變電阻及電線。

二極管

本集團已有超過十五年經驗製造環氧樹脂封裝之DO41、玻璃封裝之DO35、DO34及微型MELF貼片型及插孔型號之整流、開關及穩壓二極管。二極管普遍應用於各種電子產品，有基本及龐大之需求量。

本集團致力於提高品質、效率及高產品及格率，以減低成本。雖然產品面對重大減價壓力，惟集團能以具競爭力之售價及配合高產品質素，穩站成為其中一個市場領導者。二極管之生產能力按季度增加，營業額亦上升超過百分之九十，同時毛利率比去年上升百分之五點三。

BUSINESS REVIEW AND PROSPECT

The Group is engaged in two major businesses, namely:

- Manufacturing and Distribution of Electronic Components
- EMS (Electronic Manufacturing Services), OEM and ODM business

Electronic Components

Turnover under this category of the reporting year was HK\$493.6 million representing a growth of 6.2% when compare with that of last reported year (2002: HK\$464.8 million).



引線生產車間
Leadwire Forming Workshop

Component Manufacturing

The Group is engaged in manufacturing of Diodes (DO35, DO34, mini-MELF and DO41 packages), Transistors (SOT23 and TO92 packages), Variable Resistors, Electronic Wires and Harnesses.

Diodes

The Group has over 15 years of experience in manufacturing of the epoxy encapsulated DO-41, glass encapsulated DO35, DO34 and mini-MELF diodes. Major models of these packages are employed as rectifier diodes, switching diodes and zener diodes from axial types to surfaced mounted types. The diodes are generally applied for almost every kind of electronic products and the demand is essential and substantial.

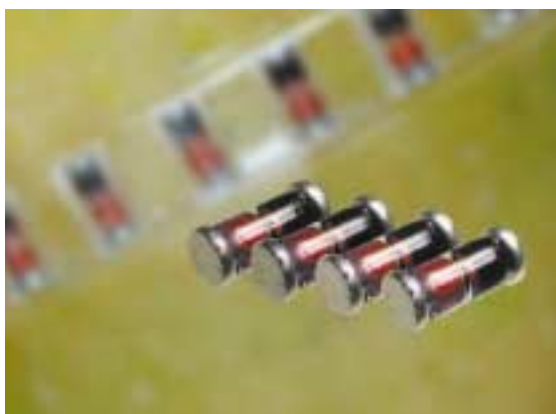
The Group spent substantial efforts to enhance the quality, efficiency and product yield rate of the diodes to reduce the costs. Although the Group faced big pressure on product price deduction, the Group stood firm as one of the market leaders of this industry by offering competitive prices with high quality. Capacity of the diodes increased quarter by quarter and turnover increased by more than 90%. At the same time, profit margin increased by 5.3% when compared with that of the last reported year.

雙金屬引線乃生產二極管其中一個主要成本因素。本集團已投資超過八百萬港元添置簇新之二極管引線製造設備。本年度，由於大部份之金屬線由外間之製造商供應，因此可減低成本之空間較少，對交貨之安排亦較缺乏彈性。藉著增加這方面的生產設備，預期二極管之成本可大幅減少，同時為此業務帶來較大之利潤貢獻。

Dumet lead-wire was one of the major cost elements of the diodes and the Group had invested more than HK\$8 million in the new lead-wire forming machine and manufacturing equipment for the diodes. In the reporting year, most of the lead-wire of this sector was supplied by third party manufacturers, which resulted in less room for cost reduction and less flexible in delivery schedules. Through the enhancement of production facilities and equipment in this sector, cost of the diodes is expected to be reduced substantially and bring in considerable contribution to the profit of this sector.

三極管

由於三極管之需求大幅下降及SOT-23及TO-92封裝全球供應過剩，一些大產量型號之價格更跌至低於生產成本。面對此不利情況下，集團已重整生產管理模式以改善生產彈性。集團將目標放於短交貨期及規格要求嚴格之少量訂單。藉著額外管理資源以迎合這些半度身訂造之三極管訂單，從而較同類規模之生產商優勝。此部份之營業額因此上升百分之五十。



貼片玻璃二極管
Mini-Melf Glass Diodes

Transistors

Demand for transistors dropped drastically and there was huge global excess supply in SOT-23 and TO-92 packages. For some massive models, prices dropped below the production cost. Facing this adverse situation, the Group had re-phased the model of production management to improve flexibility. The Group targeted on small orders with short lead-time and demanded specifications. By investing extra management resources to cater for these orders of semi-tailor made transistors, the production was distinctive over market players of the similar production size. Turnover of this sector was thus increased by 50%.

電線

製造電線業務在整個集團中仍是處於初階水平。產品主要應用於電子消費產品如電源線、電子線、電腦電線及連接器等，此方面之需求穩定。去年集團已為新類型產品取得更多如UL、CUL、CCEE、VDE、CSA及BT等之國際安全標準證書。產品之品質亦維持穩定，並已開始供應給中國國內之客戶。此部份之營業額與集團其他核心業務比較並不顯著，但本年仍有百分之五十增長。

Wire and harnesses

Manufacturing of electronic wire and harnesses is still at an entry level of business for the Group. Main application of this category is for consumer electronic such as power cords, electronic wires, computer cables and connectors etc. The demand for this sector was steady. In the past year, the Group had obtained more international safety standard approval such as UL, CUL, CCEE, VDE, CSA and BT for new categories. Quality of these products maintained steady and the sector had started to supply products to PRC customers. Turnover of this sector was not substantial when compared with core sectors of the Group but still had a 50% growth from last year.

電子元器件經銷業務

本集團是香港及國內電子元器件經銷業之其中一領導者。作為東芝、松下、Rohm、On-Semiconductor、Liteon及Sino America之授權經銷商，集團專業為這些著名品牌開拓集成電路、三極管、微型處理器、分裂及靜態 (discrete and passive) 電子元器件之市場。此類型電子元器件主要應用於影音產品、電子玩具、電源、家電、空調及其他電子消費產品等。本年度集團已與一家為能源管理生產高效率磁粉芯之主要供應商Arnold Magnetics Limited簽訂新代理協議。

要求於國內供貨及推廣服務，對電子元器件經銷業務之貢獻越來越重要。集團在深圳、廣州、上海及北京已成立多個銷售分公司。此外，集團提供強大物流支援，於保稅區設立辦事處及在接近主要客戶區域設立倉庫，以提供準時交貨之後勤服務。

本年度，雖然電子元器件之價格及需求均下降，集團放棄了一些毛利低於期望之訂單。但由於香港及國內經銷隊伍及工程部員工之共同努力，此部份之營業額錄得三億七千九百萬港元，只輕微下降百分之三，而毛利貢獻則為三千四百二十萬港元，比去年同期上升百分之十二。

Electronic Component Distribution

The Group is one of the leading distributors of electronic components in Hong Kong and PRC. As an authorized distributor for Toshiba, Panasonic, Rohm, On-semiconductor, Liteon and Sino America, the Group had professionally marketed integrated circuits, transistors, microprocessors, discrete and passive electronic components of these renowned brands. Major application of electronic components in this sector were audio and video products, electronic toys, power supplies, household appliances, air-conditioners and other consumer electronics. In the reporting year, the Group entered into new distributorship agreement with Arnold Magnetics Limited, a key supplier of high efficiency ferric powder magnetic core for power management.



線路版鑲芯片焊線工藝
Chip-On-board assembly process

The contribution of local delivery and sales promotion in PRC towards electronic components business became more and more significant. The sector had established various important sales offices in Shenzhen, Guangzhou, Shanghai and Beijing. The sector also provided strong logistic support by setting up liaison

offices in free trade zones and setting up various warehouses close to major customers to furnish the just-in-time delivery and supportive services.

In the reporting year, although product prices and demand for electronic components dropped and certain sale orders were given up because profit margin fell below the Group's expectations, by the joint effort of HK and China sales team and engineering staff, turnover for this segment was recorded as \$379 million, representing only a slightly decrease of 3%, while gross profit contribution to the Group was \$34.2 million, representing a increase of 12% when compared with the same period last year.

集團除了提供良好及可靠之電子元器件供應外，亦繼續提供先進之軟件工程支援及為客戶提供設計方案，使客戶享有完整解決方案後，一站式購買主要元器件。集團使用微型控制器（MCU）及 RISC IC (Reduced Instruction Set Computer)，已成功地為客戶之VCD、手提音響、音樂中心、網絡電視機頂盒及電源提供解決方案。

由於與重大供應商新近簽訂經銷商協議之影響，庫存及應收款項稍增；集團已考量此等增加，並預期新產品線發展後將會回復正常。

管理層相信元器件新產品線及中國市場之開拓，在來年將為此方面之業務帶來新光輝。



EMS產品—通訊器材使用之小型揚聲器
EMS Product – Miniature Speaker for Telecommunication

In addition to maintaining good and reliable supply of electronic components, the Group was on providing advanced engineering support for software as well as design-in for customers that the customers can enjoy a total solution of one-stop purchase of major components. In the reporting year, by employing MCU (Micro Computer Unit) and RISC IC (Reduced Instruction Set Computer), the sector successfully provided solutions for VCD, Boom-box, Music Centre, Set-top Web Box and Power Supply.

As an after result of signing new distributorship agreement with new principal suppliers, inventories and accounts receivable of this sector were slightly increased. We have accounted for such increases and they are expected to be restored to normal upon the development of the new product line.

The management believes that by the development of new product lines of components together with the market development in PRC, business in this sector would have a new highlight in the coming year.

EMS (電子專業生產服務)，OEM及ODM

此部份之營業額為二億八千萬港元，比去年同期增長百分之四點二（二零零二年：二億六千八百七十萬港元）。

為要求嚴格之客戶提供優質電子專業生產服務，是集團其中一個主要盈利來源。

本集團不斷探索電子產品裝配之新技術及發展由簡單手提音響組合、衛星天線到電訊零件之新電子產品。本年度，EMS新大樓已建成，並正在裝置新設備，進一步強化EMS生產。

EMS (Electronic Manufacturing Service), OEM and ODM

The sales turnover of this sector was \$280 million which represented a growth of 4.2% when compare with the same period of last reported year (2002: HK\$268.7 million).

Electronic Manufacturing Services by providing quality products and services to demanding customers is one of the major contributors to the Group's profit.

The Group endeavor to explore new technologies in assembling and developments of electronic products from simple audio boom-box to GPS antenna and telecommunication parts. In the reporting year, a new premise for the EMS was built and new equipment was setting up to further facilitate the EMS manufacturing.

無塵間及無靜電裝配工場擴充後，更能確保產品品質符合EMS客戶之嚴格要求。此部門已添置先進之SMD貼片機、精確自動化銲接打印機、自動化光學檢測儀、in-circuit測量器、充氮回流爐，以加強EMS業務貼片裝配之生產能力。

The expansion of dustproof clean-room and anti-static assembling floors in the new production plant could further enable the sector to meet the qualification from demanding EMS customers. The sector had procured advanced SMD mounters, high precision automatic solder paste printer, automatic optical checker, in-circuit tester and nitrogen filled re-flow furnace to equip the surface mounted manufacturing capability for the EMS business.

原產品設計及生產(OEM, ODM)電子消費產品製造業務表現穩定，集團於機械，電子及軟件工程方面擁有強大之隊伍。本集團成為著名大型買家如Wal-Mart及Kmart等之其中一個少數合資格生產商後，亦獲得一定數量之新客戶。管理層預期此方面業務於未來數年有合理之增長。

The performance of OEM and ODM business of consumer electronics was stable. The Group maintained strong engineering teams in mechanical, electronic as well as software engineering. As one of the a few qualified manufacturers of renowned and sizable end buyers such as Wal-Mart and Kmart, the Group gained quite a number of new customers. The management expected that business in this aspect would have a reasonable growth in the forthcoming years.



EMS — 品控數據上載內聯網
EMS-QA & QC data are uploaded to intranet

集團擁有可靠之品質控制及品質保證系統是EMS、ODM及OEM業務之主要成功因素。除了獲得ISO9000認證外，集團現正準備ISO14000之環保認證、QS9000之汽車業認證及6-Sigma等之品質管理系統。

Reliable quality control and quality assurance is the essential success factor to the Group's EMS, ODM and OEM business. Other than the ISO9000 certification, the Group is

now implementing management systems towards the certification of ISO14000 environmental certification, the QS9000 automobile certification as well as the 6-sigma quality management system.

員工

於二零零三年三月三十一日，本集團共聘請了約三千五百名僱員，其中香港有一百二十名，其餘大部份為國內僱員。業務員之薪酬包括工資及佣金，佣金是按個人營業指標而釐定；一般僱員除薪金外，可享有年終花紅，數額因應部門之盈利及個人表現而決定。集團亦提供強積金及醫療福利給予所有香港僱員。國內僱員方面，集團按法規付退休計劃供款。於此報告時期，沒有僱員被授予購股權。

業務前景

本集團於來年繼續維持低銀行借貸，令本集團將減少銀行費用及利息。

得到新供應商之新經銷權後，將更進一步提高電子元器件經銷業務之滲透力及盈利能力。

於二極件製造方面，增加了雙金屬新引線生產設備後，玻璃二極管之成本將顯著減低。管理層現正與一個著名之國際客戶磋商，爭取該品牌之OEM生產合約。

EMPLOYEES

At 31 March 2003, the Group employed a total of approximately 3,500 employees of which 120 were Hong Kong based while most of the others were PRC employees. Sales personnel are remunerated by salaries and incentives in accordance with the achievement of their sales target. General staff are offered salaries and year-end discretionary bonus which is based on the divisional profit and individual performance. The Group also provided a Mandatory Provident Fund and medical benefits to all Hong Kong employees. While for PRC employees, the Group made contributions to state-sponsored retirement plans as stipulated by the PRC rules and regulations. During the reported period, no share options have been granted to employees.

FUTURE PROSPECT

The Group will continue to maintain low bank borrowings in the coming year that the Group will minimize bank charges and interest.

ODM 一貼片變壓器
ODM-Transformer in SMT Outline

The new distributorship from renowned principal suppliers in the distribution business of electronic components will further enhance the penetration and profitability of the distribution sector of electronic components.

In the manufacturing of diodes, after the setting up of new Dumet lead-wire facilities, cost of glass diodes would substantially be reduced. The management is now discussing with a renowned international customer to gain new substantial OEM contract of production under their own label.



本集團已與中國肇慶市之政府屬下機構訂立合約，購買其中一間合營公司之餘下全部股份（百分之三十九）。該公司主要擁有DO-41整流二極管及TO92三極管之生產設備。購入股份後，本集團能較具彈性去發展及整合生產形式，以達更佳經濟效益。

集團在國內雁田之先進新廠房及新SMD貼片設備安裝完成後，正與若干準EMS客戶商討將客戶之生產基地在今後數年遷往集團之新廠房。

管理層相信來年將會是開展業務的一年，先進管理及技術定會帶領集團超越其他競爭對手。



ODM 消費電子產品
ODM Consumer Audio

The Group has entered into contract to acquire all the shares (39%) of a jointly controlled entity in Zhao Qing from the local government. The jointly controlled entity owns most parts of production facilities in manufacturing of DO-41 rectifier diodes and TO92 transistors. After this acquisition, the Group is expected to be more flexible in developments and consolidations of productions in more economical form.

After the setting up of advanced new production site and new SMD facilities in Yantien, PRC, the Group is now in discussions with potential EMS customers to move their production sites to the Group's new facility in the forthcoming years.

The management believes that the coming year will be a developing year. Advanced management and technologies will lead the Group to be distinctive over competitors.

總裁
劉得還

香港，二零零三年七月十六日

LAU TAK WAN
President

Hong Kong, 16 July 2003