

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

Overview

We had a very successful first half of the year. Sales grew 106% over the comparable period last year to HK\$575.3 million. Profit from operations grew 91% to HK\$22.4 million and net profit for the period grew 84% to HK\$18.4 million. Earnings per share rose 75% to HK\$0.07.

SunCorp's business continues to be the design and manufacture of digital and analogue corded and cordless telephones for sale to major telecom companies and distributors in Europe and Asia-Pacific.

Sales & Marketing

Once again our strong growth in sales has been driven by our program of innovation in product design and functionality which has led to increased orders from our existing customer base and enhanced our ability to open up new markets, particularly in Europe.

Our focus continues to be our Digital Enhanced Cordless Telephone (DECT) range. We were the first manufacturer to release in Europe a DECT with short messaging service (SMS) capability in 2002 and we will be the first to release to the market later this month DECT products with a colour screen. DECT now accounts for an increasing share of our product range – rising from 27% of turnover in the first half of 2002 to over 64% in the first half of this year.

Importantly, our customer base is also becoming more diversified, as a result of being able to penetrate new markets and capturing a larger share of those markets in Europe where we previously only had a small presence. The UK represented 47% of our sales in the first half of this year, which is down in percentage terms from the 63% level in the same period last year but still larger in overall sales value. Europe (ex UK) accounted for 42% of sales (1st half 2002: 26%). We started to supply the Japanese market for the first time and countries where we expanded our presence include Russia, Poland and Belgium.

管理層論述及分析

營運回顧

概述

本集團今年上半年十分成功。銷售額較去年同期增長106%至575,300,000港元。經營溢利上升91%至22,400,000港元，而期間純利亦增加84%至18,400,000港元。每股盈利增加75%至0.07港元。

新確之業務繼續為設計及製造數碼及模擬制式之有線及無線電話，以銷售予歐洲及亞太區各大電訊公司及分銷商。

銷售及市場推廣

本集團創新產品設計及功能之計劃再度為本集團銷售帶來強勁增長，令本集團現有客戶基礎之訂單增加，並加強本集團開拓新市場（尤其是歐洲市場）之能力。

本集團繼續致力於室內數碼無線電話（DECT）系列。於二零零二年，本集團乃首家在歐洲推出具短訊服務（SMS）功能DECT之生產商；並將於本月底成為首家推出彩色屏幕DECT產品之生產商。DECT於本集團產品系列中所佔份額現正逐漸擴大，由二零零二年上半年佔營業額27%增至本年度上半年佔逾64%。

更為重要的是，憑藉打入新市場及於歐洲市場吸納更大市場佔有率（本集團以往僅佔小數份額），本集團之客戶基礎亦漸趨多元化。英國於本年度上半年佔本集團銷售額之47%，百分比較去年同期之63%為低，而在整體銷售價值仍有增加。歐洲（英國除外）佔銷售額之42%（二零零二年上半年：26%）。本集團首次向日本市場供應產品，並在俄羅斯、波蘭及比利時等國家拓展業務。

SARS had limited impact on our operations in the first half of the year, mainly affecting visits by our customers for production facility inspections. We were fortunate to be able to service our European customers from our London office.

Our sales and marketing plan for the coming year envisages a continuation of new product development, particularly in the DECT area, with the aim of staying at the leading edge of phone technology.

Balance sheet and cash flow

Our cash flow during the period was strong. Net cash from operations rose 295% over the same period last year to reach HK\$52.1 million

Our balance sheet has strengthened considerably following the improvement in operating cash flow and the early repayment in March of the HK\$15.7 million of convertible notes. At 30 June 2003, our cash balance was HK\$48 million, and our current ratio was 1.06. We do not have any bank debt (other than normal trade finance related facilities).

Private Placement

Shortly after period end, our balance sheet was further improved by a private placement that raised approximately HK\$24.8 million of new capital through an issue of new shares equal to approximately 10.5% of the enlarged share capital of the company. This amount will be used for working capital and to assist in funding expansion of our production capacity.

Outlook

Our sales to date for the second half have continued to be strong and we have a full order book for the balance of the year. Although the environment continues to be competitive, we anticipate reporting another year of growth. We have been busy on new product development for 2004 and the initial response has been very positive.

非典型肺炎對本集團本年度上半年之業務影響有限，主要是影響客戶視察生產設施。本集團慶幸在倫敦設立之辦事處能為歐洲客戶提供服務。

本集團於來年之銷售及市場推廣計劃針對繼續開發新產品，尤其是DECT方面，務求在電話科技上穩佔領先地位。

資產負債表及現金流量

本集團於期內之現金流量充裕，經營業務所得現金淨額較去年同期上升295%，達52,100,000港元。

在改善經營現金流量及於三月提早償還可換股票據15,700,000港元後，本集團之資產負債表顯著加強。於二零零三年六月三十日，本集團之現金結餘為48,000,000港元，流動比率則為1.06。本集團並無任何銀行債務（一般商業貿易信貸融資除外）。

私人配售

於本期間完結後不久，本集團之資產負債表由於私人配售而進一步改善。該次配售藉發行相等於本公司經擴大股本約10.5%之新股份，籌集新資本約24,800,000港元。該筆數額將用作營運資金及應付本集團擴大生產能力之資金。

展望

本集團至今為止之下半年銷售額持續表現強勁，且客戶訂單已排至年底。儘管經營環境仍然充滿競爭，本集團預期本年度將可再錄得增長。本集團已積極準備為二零零四年開發新產品，初步反應亦十分良好。

Liquidity and Financial Resources

Pursuant to the restructuring of the Group effected on September 1999, secured convertible notes with an aggregate principal value of approximately HK\$39.6 million were issued by the Company. On 10 March 2003, the Company redeemed all outstanding convertible notes, six months earlier than scheduled.

As at 30 June 2003, the Group had net current assets of approximately HK\$10 million, total assets of approximately HK\$206.5 million and shareholders' funds of approximately HK\$33.7 million.

As at 30 June 2003, the cash balance of the Group stood at HK\$48 million included \$6.5 million being pledged as security for purchase on behalf of customers.

Pledges of Assets

As at 30 June 2003, the Group has pledged a bank deposit of HK\$6.5 million to secure credit facilities granted to the Group.

Gearing Ratio

The Group's total bank borrowings as at 30 June 2003 were approximately HK\$62 million (2002: HK\$53 million). All (2002: HK\$37 million) of which represented advances drawn on trade receivables with insurance coverage.

As at 30 June 2003, the Group has no bank borrowings other than trade finance. Accordingly, no gearing ratio is presented. As at 31 December 2002, the Group's gearing ratio is 0.96, calculated based on the Group's total bank borrowings of a non-trade finance nature of approximately HK\$15 million and the Group's net shareholders' equity of approximately HK\$16 million.

流動資金及財務資源

根據本集團於一九九九年九月生效之重組，本公司發行本金總額約39,600,000港元之已抵押可換股票據。於二零零三年三月十日，本公司較原訂時間表提早六個月贖回所有尚未行使之可換股票據。

於二零零三年六月三十日，本集團擁有流動資產淨值約10,000,000港元、資產總值約206,500,000港元及股東資金約33,700,000港元。

於二零零三年六月三十日，本集團之現金結餘為48,000,000港元，包括就代表客戶進行購買事宜而質押6,500,000港元作為抵押之款項。

資產抵押

於二零零三年六月三十日，本集團已質押銀行存款6,500,000港元，作為本集團獲授信貸融資之抵押。

資產負債比率

本集團於二零零三年六月三十日之銀行借貸總額約62,000,000港元（二零零二年：53,000,000港元）。其中所有款項（二零零二年：37,000,000港元）為已投保應收貿易賬款所取得之墊款。

於二零零三年六月三十日，除貿易信貸融資外，本集團並無銀行借貸。因此，並無呈列資產負債比率。於二零零二年十二月三十一日，本集團之資產負債比率為0.96，此乃根據本集團非貿易財務性質之銀行借貸總額約15,000,000港元及本集團股東權益淨額約16,000,000港元計算。

Investments

There was no material acquisition or disposal of subsidiaries and associated companies in the course of the current period.

Contingent Liabilities

The Company has outstanding guarantees of approximately HK\$75 million to secure general banking facilities granted to a jointly controlled entity.

Employees

The group's emolument policies are formulated on the performance of employees with reference to the industry practices. In addition, the Board may exercise its discretion to grant share options to employees as an incentive to their contribution to the Group.

投資

於本期間，概無任何重大收購或出售附屬公司及聯營公司。

或然負債

本公司現有擔保約75,000,000港元，作為授予一間合營公司一般銀行信貸之抵押。

僱員

本集團之酬金政策乃參考業內慣例，按僱員表現釐定。此外，董事會可酌情授予僱員購股權，作為彼等對本集團所作貢獻之獎勵。