



主席劉錫康先生
Chairman, Mr. Lau Sak Hong, Philip

財務業務

於本年度，集團錄得營業額約十八億三千七百萬元（二零零三年：十三億七千九百萬元），增長33%。股東應佔溢利達一億零六萬五千萬元（二零零三年：六千一百一十一萬八千萬元），增長64%。

末期股息

董事局建議派發截至二零零四年三月三十一日止年度之末期股息每股3.5港仙（二零零三年三月三十一日止年度：2.0港仙）給予於二零零四年九月二十日在股東名冊上之股東。在股東週年大會通過末期股息後，股息單將於二零零四年九月三十日左右寄予各股東。

業務回顧

電子部門

雖然電子消費市場競爭劇烈，本年度，集團於電子消費產品之銷售及純利貢獻，均取得理想增長。發展高科技影音產品，注重產品質量、外型之美觀及輕巧性，乃為集團產品受歡迎之重要因素，DVD電視組合、六碟式鐳射音響組合及輕巧多功能手提鐳射機，為集團銷售額最高之產品系列，新推出之DVD錄影機、DVD/VCR及電視DVD/VCR，受到市場歡迎，可為集團未來盈利作出貢獻。

本年度第一季因受嚴重急性呼吸系統綜合症影響，對集團業務帶來負面效果，但從第二季開始，全球經濟復甦，消費者信心增加，使集團本年度於銷售收入取得理想增長。

於下半年度，電子產品主要零件快閃記憶體及隨機存取記憶體供應短缺，價格上漲，塑膠原料亦因油價波動而價格上揚，對集團生產成本造成壓力。此外，於二零零四年三月底，部份訂單延遲付運，亦為集團下半年度銷售及盈利增長放緩原因。記憶體價格現已回落，而供應亦回復正常，塑膠原料價格亦趨穩定。電子業之經營環境現已改善。

FINANCIAL RESULTS

During the year, the Group recorded a turnover of approximately HK\$1,837 million (2003: HK\$1,379 million), representing a growth of 33%. Profit attributable to shareholders increased 64% to HK\$100,065,000 (2003: HK\$61,118,000).

FINAL DIVIDEND

The Directors have recommended a final dividend of HK3.5 cents per share for the year ended 31st March, 2004 (Year ended 31st March, 2003: HK2 cents per share) to shareholders on the register of members on 20th September, 2004. Subject to the approval of the final dividend at an annual general meeting, dividend warrants will be sent to the shareholders on or about 30th September, 2004.

BUSINESS REVIEW

Electronics Division

Despite the intense competition in the consumer electronics product market, the sales and net profit contribution of the Group's consumer electronics products achieved satisfactory growth. Developing high-tech audio-visual products which are of high quality, visually attractive and compact is the crucial factor contributing to the popularity of the Group's products. DVD television combo, 6CD music centre and the compact and multi-functional portable players are the Group's best-selling product series. The newly launched DVD recorder, DVD/VCR and television DVD/VCR are well received by the market and will be able to make profit contribution to the Group in future.

During the first quarter of the year, the business of the Group was adversely affected by the Severe Acute Respiratory Syndrome. However, the global economic recovery and the strengthening of consumer confidence since the beginning of the second quarter led to the satisfactory growth in the sales income of the Group during the year.

In the second half of the year, the prices of flash memory and RAM, the major components of the electronics products, shot up due to a shortage in supply and the price of plastic material also increased because of the fluctuation of oil price. Therefore, the production cost of the Group was under pressure. In addition, towards the end of March, 2004, the delivery of products under certain orders was postponed, resulting in the slowdown of the Group's sales and profit in the second half of the year. The price of RAM has now gone down and its supply has returned to the normal level. The price of plastic material also stabilized. The operating environment of the electronics industry has improved.

業務回顧 – 續**電子部門 – 續**

為確保生產效率，減低生產成本，本年度集團增加投資於自動插機及表面接合技術設施，提高生產機械化，以減輕工資上漲壓力。最近中國電力供應短缺，集團已額外安裝多台發電機，為廠房運作提供足夠電力，確保生產運作暢順。

本集團亦增加投放資源購買全新塑料注塑機及已安裝機械設備增加生產效率及質量。以發揮垂直綜合效應，增加零件生產部門對集團盈利之貢獻。

證券買賣

集團本年度證券買賣，主要為減持投資組合，因市場環境良好，取得理想回報。

物業發展

物業發展在今年度完成並已銷售超過六成。獲得總銷售額16,204,000港元。其餘待售物業亦有理想銷售進展。

展望

下一財政年度，電子產品營運環境仍然競爭劇烈，油價波動對邊際利率之影響等不明朗因素仍然存在。但預期經濟復甦，消費者信心增強情況下，集團應可克服困難，銷售額可取得穩定增長。

毛利率方面，因新產品之推出，以及美國著名百貨公司直接與廠商購買產品，集團減少支付銷售代理之佣金，而原材料之供應及價格亦趨穩定，故產品邊際利率應可改善。

預期華南生產基地之生產成本有逐步上漲之趨勢，集團已將未來擴充新廠房設廠選址，考慮華南以外地區，以減低生產成本，改善邊際利潤。

BUSINESS REVIEW – continued**Electronics Division – continued**

In order to maintain the production efficiency and reduce the production cost, the Group increased its investment in automatic insertion machine and surface mounting technology facilities during the year. By doing so, the Group intends to mechanize its production and reduce the pressure to increase wages. In view of the recent shortage of electricity supply in China, the Group installed additional electricity generators to provide its plant with adequate electricity, so as to ensure a smooth production operation.

The Group also placed more resources in purchasing new plastic injection moulding machines with robot to increase production efficiency and enhance quality, so as to capitalize on the benefits of vertical integration and increase the profit contribution of the component production department to the Group.

Securities Trading

The securities trading of the Group during the year involved mainly a reduction of holdings in its investment portfolio. Since the market conditions were favourable, the Group gained satisfactory returns.

Property Development

Property development was completed in current year and properties sold over 60% for a total consideration of approximately HK\$16,204,000. The remaining unsold properties held for sale are sold with satisfactory progress.

PROSPECT

In the next financial year, the operating environment of the electronics product industry will remain competitive and uncertainties regarding the oil price fluctuation will be affecting the profit margin. However, it is expected that the economy will recover and consumer confidence will strengthen, thus, the Group will be able to overcome difficulties and sales will improve.

Due to the launch of new products, the reduction in the sales agent commission resulting from the direct purchase by renowned US department stores from manufacturers, couple with the supply and price of the raw materials stabilize, the profit margin of the products is expected to increase.

Since the production cost of the production base in Southern China is expected to rise, the Group considers to expand its operation and locate its new plants in regions outside Southern China in order to reduce production cost and improve the profit margin.

財務狀況

流動資金及財務資源

本集團之財務狀況保持強勁。於二零零四年三月三十一日，現金及存款及有價證券約九千二百萬港元，而去年則約九千六百萬港元。

利息開支由去年度之約七百三十萬港元減至本年度之約六百萬港元，本年度之盈利對利息倍數為18倍（二零零三年：12倍）。

以總借款對比股東資金計算之資產負債比率為0.53（二零零三年：0.63），而本年度銀行借款淨額佔股東資金之百分比則為0.08（二零零三年：0.12）。按流動資產對比流動負債計算之流動比率因營業額上升而由去年度之1.5增至本年度之1.8。

財務及資本架構

在二零零三年十一月十三日舉行之本公司特別股東大會通過一項普通決議，每4股面值0.10港元之已發行及未發行之股份合併為1股面值0.40港元之股份。

本集團乃以保留盈利及銀行借款作為營運資金。本公司根據配售及認購安排而發行七千五百萬股新股份及由於本公司若干購股權獲行使而發行12,156,132股新股份，合共帶來現金流入約六千七百萬港元。

於二零零四年三月三十一日，本集團獲授之銀行融資信貸總額達四億九千二百萬港元，已動用其中一億一千四百四十萬港元。所有銀行借款均以港元或美元為單位，並按現行市場利率計息。

由於集團絕大部份交易均以美元或港元為結算單位，匯兌風險很低。

資產抵押

於二零零四年三月三十一日，本集團抵押若干資產及證券，其賬面值約為80,076,000港元（二零零三年：143,550,000港元）作為一般信貸服務及經紀股票戶口之擔保。

FINANCIAL POSITION

Liquidity and Financial Resources

The financial position of the Group remained strong. As at 31st March, 2004 cash and deposits and marketable securities amounted to HK\$92 million, as compared to HK\$96 million last year.

Interest expenses for the year reduced from approximately HK\$7.3 million in last year to approximately HK\$6 million this year, with an interest coverage of over 18 times for the year (2003: 12 times).

Gearing ratio, calculated as total borrowings to shareholders' fund was 0.53 (2003: 0.63), and net bank borrowings as a percentage to Shareholders' fund was 0.08 for the year (2003: 0.12). Current ratio calculated as current assets to current liabilities rose from 1.5 in last year to 1.8 for this year as a result of the increase in turnover.

FINANCING AND CAPITAL STRUCTURE

Pursuant to an ordinary resolution passed at a Special General Meeting of the Company held on 13th November, 2003, every four issued and unissued shares of HK\$0.10 each were consolidated into one share of HK\$0.40 each.

The Group finance its operations by a combination of retained earnings and bank borrowings. There was totalling a cash inflow of about HK\$67 million by issuance of 75,000,000 new shares by the Company as a result of placing and subscription arrangement and the issuance of 12,156,132 new shares by the Company as a result of the exercise of certain share options of the Company.

As at 31st March, 2004 total banking facilities granted to the Group amounted to HK\$492 million of which HK\$114.4 million were utilized. All bank borrowings are denominated in Hong Kong dollars or US dollars at prevailing market interest rate.

Group's transactions were mostly denominated in US dollars and Hong Kong dollars. The exposure to exchange risk was minimal.

PLEDGE OF ASSETS

At 31st March, 2004, the Group pledged certain assets and securities with carrying value of HK\$80,076,000 (2003: HK\$143,550,000) to secure the general credit facilities and the margin accounts with brokers.

資本開支

於本年度，本集團投資約七千四百七十萬港元於固定資產，其中八百四十萬港元用於擴建新廠房，餘額用於購買機器及儀器。

於二零零四年三月三十一日，本集團已簽訂資本開支13,396,000港元。

或然負債

於二零零四年三月三十一日，本公司就若干附屬公司取得信貸而向銀行及其他融資機構作出約七億三千六百萬港元擔保。本集團之可追索銀行貼現票據或然負債約二十萬港元。

收購

在本年度，集團並沒有收購或出售附屬公司或聯營公司。

員工

於二零零四年三月三十一日，本集團擁有員工共9,252人，其中9,143人受僱於中國，負責本集團之製造及分銷生意。

本集團為其員工提供之福利如員工保險、退休計劃、花紅、購股權計劃、在職訓練及訓練資助。

致謝

本人藉此機會謹向本集團全體員工於本年度努力不懈，盡忠職守之表現作衷心致謝。

劉錫康
主席

香港，二零零四年七月二十六日

CAPITAL EXPENDITURE

During the year, the Group invested approximately HK\$74.7 million in fixed assets, of which HK\$8.4 million was used for construction of new factory plant and the balance was used for purchase of plant and machinery and equipments.

As at 31st March, 2004, the Group has committed capital expenditure of HK\$13,396,000.

CONTINGENT LIABILITIES

As at 31st March, 2004, the Company had contingent liabilities in relation to guarantees amounting to approximately HK\$736 million given to banks and other financial institutions to secure credit facilities granted to certain subsidiaries. The Group had contingent liabilities for bills discounted with recourse of approximately HK\$0.2 million.

ACQUISITION

During the year, the Group had not acquired or disposed of any subsidiary or associated company.

STAFF

As at 31st March, 2004, the Group had a total staff of 9,252 of which 9,143 were employed in the PRC for the Group's manufacturing and distribution business.

The Group provides employee benefits such as staff insurance, retirement scheme, discretionary bonus and share option scheme and also provides in-house training programmes and external training sponsorship.

APPRECIATION

I would like to take this opportunity to express my sincere appreciation to all our staff for their, utmost effect and dedication to the Group during the year.

Lau Sak Hong, Philip
Chairman

Hong Kong, 26th July, 2004