



■ C10,000 清潔室  
C10,000 Cleaning Room

On behalf of the Board of Directors, I am pleased to present the annual results for the year ended 31 March 2004 to our shareholders.

## Results and Dividends

For the year ended 31 March 2004, the Group's turnover totaled HK\$3,299 million, representing an increase of 7.3% over that of last year. Net profit for the year increased by 10.4% from the previous financial year to achieve approximately HK\$245 million.

The Board of Directors has recommended a final dividend of HK8.5 cents (2003: HK8 cents) per share for year ended 31 March 2004. Together with the interim and special dividends paid during the year, total dividends per share for this year amounted to HK23.5 cents, which represents 67.9% increase as compared to HK14 cents per share for last year. The dividend will be payable on or about 6 October 2004 to shareholders of the Company whose names are on the Register of Members on 10 September 2004.

## Business Review

The 2004 financial year was remarkable for the Group. The Motorcycle Division had been discontinued and disposed of during the year and the Motorcycle Division had incurred a loss of about HK\$8 million prior to its disposal.

The Group also faced a difficult global economic environment for manufacturing business, including a substantial escalation in global commodity prices and economic down-turn due to the outbreak of Severe Acute Respiratory Syndrome ("SARS") in the first quarter of the financial year.

Despite these challenging market conditions, the Group achieved satisfactory growth in sales revenue and net profit for the year. Total sales for the year ended 31 March 2004 reached a record of approximately HK\$3,299 million, up 7.3% as compared to that of last year. Net profit for the year increased by 10.4% comparing with the previous financial year and amounted to approximately HK\$245 million.

本人謹代表董事會欣然向股東提呈截至二零零四年三月三十一日止年度之業績。

## 業績及股息

截至二零零四年三月三十一日止年度，本集團之營業額合共為3,299,000,000港元，較上一個財政年度上升7.3%。本年度純利為245,000,000港元，較上一個財政年度上升10.4%。

董事會建議派發截至二零零四年三月三十一日止年度末期股息每股8.5港仙（二零零三年：8港仙）。連同年內已派付之中期及特別股息，本年度之股息合共為每股23.5港仙，較去年之每股14港仙上升67.9%。股息將於二零零四年十月六日或相近日子向於二零零四年九月十日名列股東登記冊內之本公司股東派發。

## 業務回顧

二零零四年財政年度是本集團備受注目之一年。電單車業務已於本年度內終止及出售，而於出售電單車部門前，錄得虧損約為8,000,000港元。

本集團於製造業務亦需面對全球嚴峻經濟環境所帶來之考驗，當中包括於財政年度第一季度所爆發之嚴重急性呼吸系統綜合症（「非典型肺炎」）而引致之全球商品價格顯著急升及經濟逆轉。

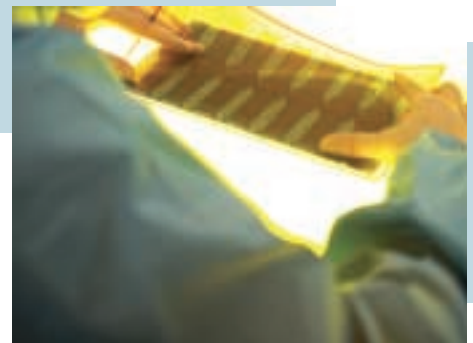
儘管市場環境充滿挑戰，但本集團於銷售收入及本年度純利方面均取得理想增長。截至二零零四年三月三十一日止年度之總銷售額錄得約3,299,000,000港元之水平，較上一年度上升7.3%。本年度純利較上一個財政年度上升10.4%，約為245,000,000港元。

The Electronic Manufacturing Services ("EMS") Division was the principal operation of the Group and accounted for 99% of the Group's total turnover. With the disposal of the non-core Motorcycle Division in September 2003, the Group has become a pure EMS player in the industry. Turnover reached approximately HK\$3,272 million, an increase of 14.2% over the last financial year as export sales of home audio products continued to surge.

The Group's sales during the first quarter of the financial year was affected by the outbreak of SARS, resulting in mixed and hesitant pattern of demand. In the second quarter of the financial year, trading conditions picked up rapidly as the spread of SARS epidemic was well-controlled and the recovery of consumers' confidence brought back a general strong demand for consumer electronics products.

電子製造服務（「EMS」）部門為本集團之主要業務，並佔本集團總營業額99%。隨著於二零零三年九月出售非核心之電單車部門，本集團已成為業內專門從事生產EMS產品之公司。由於家庭音響產品之出口銷售額持續急升，營業額約為3,272,000,000港元，較上一個財政年度上升14.2%。

本集團於財政年度第一季期間之銷售額受到爆發非典型肺炎影響，導致客戶需求混亂及缺乏方向。於本財政年度第二季期間，非典型肺炎疫情受到控制及消費者信心回升，帶動消費電子產品之需求全線回升，更促使貿易環境迅速改善。



■ 絲網印刷工序  
Silk-screening process

Sales of home audio products remained the Group's core business. During the year, the Group further expanded its market share through launching of new products with popular designs and features. Moreover, the Group is able to provide high-quality, cost-competitive products to its global customers.

The Group has also developed a wide range of digital related products including 3CD changers, stand-alone DVD players, DVD combos and home theatre systems. It is the Group's strategy to be ready for numerous new products developments but to consider mass production of these consumer electronics products only when their respective retail entry price levels become generally affordable to mass market consumers, and their materials and production costs can be well managed and controlled.

The America remained as the Group's major market. Sales from the America amounted to approximately HK\$2,038 million, accounting for 61.8% of total turnover of the Group. The Group derived approximately 24.7% of its total turnover from Europe, which totaled to approximately HK\$813 million, an increase of 21.5% as compared to the previous financial year. The sales also benefited from a stronger Euro currency compared to the US dollar, which led to a relatively higher purchasing power of the European customers as most of the Group's sales to them are denominated in US dollar.

## Vertical integration strategy

The Group has consistently applied a vertical integration strategy to leverage from the economies of mass production scale, which enables the Group to achieve high operational efficiency and stringent cost controls. The Group has expanded its plastic injection capacity and surface mount technology ("SMT") capacity through the acquisition of 116 sets of plastic injection and 13 SMT machines. Total capital expenditure increased by approximately HK\$218 million during the year, of which approximately HK\$80 million was spent in the development of the Qingyuan Industrial Estate. The Qingyuan Industrial Estate measures about 660,000 square metres and about 300,000 square metres production area has been developed.

銷售家庭音響產品仍為本集團之核心業務。於本年度內，本集團不斷推出新設計及功能廣受普羅大眾歡迎之產品，進一步擴大本集團之市場佔有率。此外，本集團亦能夠向其全球客戶提供其高質素兼具成本效益之產品。

本集團亦開發廣泛系列之數碼相關產品，包括3CD轉換器、DVD機、DVD機組合及家庭影院系列。本集團之策略為隨時開發各種新產品，但只會在該等消費電子產品之零售價調整至大眾化市場消費者可普遍負擔之水平，及其原料及生產成本可得到妥善管理及控制之情況下，本集團方會考慮大量生產有關產品。

美洲仍為本集團之主要市場，其銷售額約達至2,038,000,000港元，佔本集團總營業額之61.8%。本集團之總營業額約24.7%來自歐洲市場，合計約達至813,000,000港元，較前一財政年度增加21.5%。由於本集團大部份歐洲市場銷售額以美元計算，故銷售情況亦受惠於歐羅兌美元匯價之強勁表現，令歐洲客戶之購買能力相對較高。

## 垂直綜合策略

本集團一直貫徹採用垂直綜合策略，充份運用大量生產規模效益之優勢，令本集團可提升營運效益及嚴格控制成本。本集團已透過購買116台塑料注塑機及13台表面裝貼技術（「SMT」）機，以大幅增加其注塑產量及SMT產量。於本年度內產生之資本開支總額約為218,000,000港元，當中約80,000,000港元用作發展清遠工業村。清遠工業村佔地約660,000平方米，而約300,000平方米之生產廠房已完成開發。

Currently there are 17 assembly lines in the Qingyuan Industrial Estate, an increase of production capacity by 25%. The Group acquired plant and machinery of approximately HK\$83 million for production enhancement and invested approximately HK\$27 million on moulds.

### The Discontinued Business - Motorcycle Division

The Motorcycle Division was a non-core business of the Group.

In view of the relatively weak performance of the Motorcycle Division and its challenging operating environment, the Group disposed of the Motorcycle Division to City Harvest Limited at a consideration of HK\$63,892,000 (the "Disposal"), resulting in a loss on the Disposal of HK\$67,000 during the year. Details of the Disposal were disclosed in the Company's circular dated 15 August 2003. The proceeds from the Disposal were utilised to pay a special dividend of HK8 cents per share to the Company's shareholders whose names appeared on the Company's register of members on 30 September 2003.

### Future Prospects

The general business outlook for the Group is positive, amidst the highly competitive business environment. Shortage of electricity supply in China, the austerity measures recently implemented in China, rising material prices, and possible interest rate increases may have an impact on the Group's business in the coming year. The Group has implemented the following measures to reduce the possible impact.

- Currently, the Group has 4 sets of fuel oil power generators in Dongguan Ngai Lik Electronics City. The Group will further acquire 1 set of fuel oil power generator to meet the demand for productions.

- With the completion of the first phase of Qingyuan Industrial Estate, the Group will further expand the manufacturing capabilities in surface mount technology ("SMT") and plastic injection operations by 20% in each of the operations, which can further reduce the sub-contracting charges.

目前清遠工業村有17條裝配線，令產量提升25%。本集團亦增添價值約83,000,000港元之機器設備及投資約27,000,000港元於模具以提升生產能力。

### 已終止經營業務 — 電單車部門

電單車部門為本集團之非核心業務。

鑑於電單車部門之表現未如理想，而且其營商環境充滿挑戰，本集團已將電單車部門出售予City Harvest Limited，作價為63,892,000港元（「出售事項」），出售事項於本年度內帶來67,000港元之虧損。出售事項之詳情已於本公司在二零零三年八月十五日刊發之通函中披露。出售事項所得之款項已用作向於二零零三年九月三十日名列於本公司股東名冊之股東派發特別股息每股8港仙。

### 前景

儘管在競爭劇烈之業務環境中，本集團整體業務前景展望仍屬正面。中國供電量短缺、中國近期實施宏觀調控、原料價格上升及利率可能持續調升，均可能對本集團於未來一年之業務構成影響。本集團已落實下列措施以減低可能出現之影響。

- 目前，本集團在東莞毅力電子城設有四台燃油發電機。本集團將再購入一台燃油發電機以應付產量需求。

- 隨著清遠工業村第一期完成，本集團將進一步擴大表面裝貼技術（「SMT」）及注塑業務各自之製造能力20%，以進一步減少外發加工支出。



■ 新建成之清遠工業村已開發17條生產線  
17 production lines in the new  
Qingyuan Industrial Estate



■ 雙面電路板之生產工序  
Multi-layers PCBs operation



■ 高速全自動貼片機  
Surface Mount Technology (SMT) machinery  
and equipment



■ 自動化設備  
Automation equipment

- The Group has adopted a flexible procurement policy and raised up the inventory level for certain parts and components on a very cautious way.

- 本集團已採納更靈活之採購政策，並以極為審慎之方式提高若干零件之存貨水平。

- The Group is reviewing its banking facilities to re-arrange its loan portfolio with more preferable lending terms from its major bankers to reduce the overall borrowing costs.

- 本集團現正對其銀行信貸作檢討，透過向主要往來銀行取得更優惠之貸款條款，重新安排其貸款組合，以降低整體借貸成本。

Looking forward, the 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 expected to be the key drivers of market growth. In spite of keen market competition in the consumer electronics markets, the Group will continue to develop new products and uphold stringent quality control on its products. Order placements from existing customers are promising. The Group is confident that sales will continue to rise in the foreseeable future.

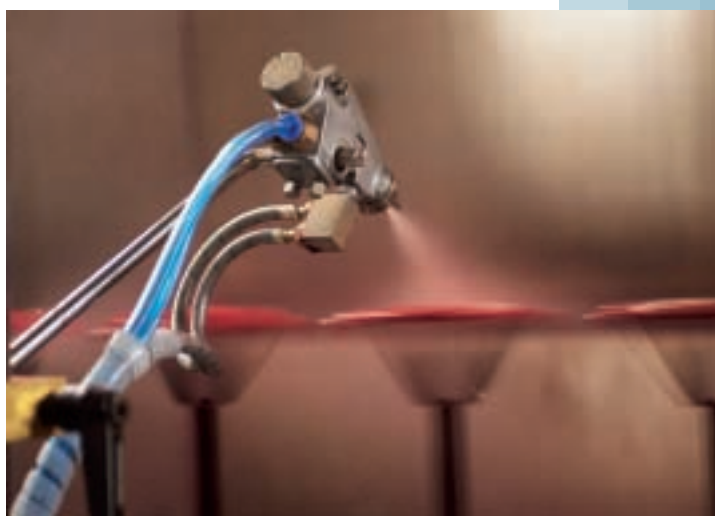
展望將來，大眾化音響產品市場仍為本集團之主要盈利來源。音響產品之全球消費市場預期增長穩定，而高度精確數碼制式之MP3、DVD機及改良之CD技術將成為市場增長之主要動力。縱使消費電子市場競爭激烈，本集團將不斷開發新產品及繼續對其產品採取嚴謹之品質控制。現有客戶給予訂單之情況亦理想。本集團深信銷售額將於可見將來不斷上升。



■ 於C10,000清潔室內之噴漆設備  
Spraying equipment in C10,000 cleaning room



■ C10,000清潔室  
C10,000 Cleaning Room



■ Auto-spraying Equipment  
自動噴漆設備



Currently, production capacity at Dongguan Ngai Lik Electronics Industrial City is fully utilised. With the completion of the first phase of the Qingyuan Industrial Estate, the Group expects to achieve greater synergies between its two production plants and to benefit from economies of scale. Approximately 45% of the 660,000 square metres Qingyuan Industrial Estate has been developed.

The Group is also planning to further expand its vertically integrated operations of manufacturing corrugated papers, rubber parts, 3.5 inch and 4 inch speakers, connectors, cassette deck motors, labels, packaging materials and upgrade the single layer PCB operations as well. The Group will also add stamping presses and dies, CNC machinery for moulding operation. The Group will further automate and enhance the plastic injection operation by installation of robots, and use of auto-spraying equipment with C10,000 cleaning room.

While the Group is well positioned to supply quality goods at affordable prices to its customers, it always aims at increasing its market share and maintaining its competitive market position through continuous development of new products. New digital products, including LCD TV with DVD players, advanced version of portable DVD players and Microdrive MP3 players will be launched to the market in the future.

After the disposal of the Motorcycle Division, the Group will re-deploy all management resources to focus on its EMS business. The Group is dedicated to further strengthening its leading position in the consumer electronics market and maximizing its return for the shareholders. To achieve these goals, the Group will continue to invest in product development, technology, design, marketing and our people. The Group will also expand the production capacity and broaden its customer base, while effectively controlling and reducing its costs through further expansion of its vertically integrated operations.

目前，東莞毅力電子工業城之生產力已全面投產。本集團預期，隨著清遠工業村第一期完成後，兩地生產基地將可達致更大之協同效益，並受惠於規模經濟。於清遠工業村660,000平方米面積之中，已發展面積約佔45%。

本集團現計劃生產瓦楞紙、橡膠組件、3.5吋及4吋揚聲器、連接器、卡式機芯摩打、標籤、包裝材料及加強單面電路板之生產，以進一步擴展垂直綜合生產。本集團亦為注塑模具業務添置衝壓機及CNC機。本集團亦將透過安裝機械臂及採用設有C10,000清潔室之自動噴射設備，使塑料注模之運作更自動化。

本集團已準備以相宜價格向其客戶提供高質素貨品，並一直履行不斷發展新產品以提升其市場佔有率及保持市場競爭力之目標。將來，本集團將向市場推出更多新款數碼產品，包括液晶電視連DVD機、更先進之可攜式DVD機及微型MP3機等。

隨著出售電單車部門後，本集團將重新分配所有管理資源於EMS業務方面。本集團務求進一步加強其於消費電子市場之領導地位及為股東帶來最佳回報。為達到有關目標，本集團將不斷於產品開發、技術、設計、市場推廣及企業人才方面作投資。本集團將同時提升生產能力及擴闊客戶基礎、以及進一步擴充垂直綜合生產以有效控制及減低其成本。

## Employee Information

As at 31 March 2004, the Group had approximately 157 employees (31 March 2003: 139) in Hong Kong and Macau and approximately 34,800 employees (29,000 in Dongguan and 5,800 in Qingyuan) in the PRC (31 March 2003: 26,000). The increase in the headcount in the PRC was the result of further expansion of the Group's production capacity and its vertically integrated operations in the PRC. The remuneration packages are generally structured with reference to market conditions and the qualifications of the employees. The salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to management staff based on individual's merits as well as the results of the respective companies with which the staff work for.

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

## 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 held cultivate the growing momentum of the Group. The Group will continue to offer the best and most-needed products and services to its customer, which is believed to bring satisfactory returns to our shareholders and investors.

By order of the Board



Lam Man Chan  
Chairman

Hong Kong, 12 July 2004

## 僱員資料

截至二零零四年三月三十一日止，本集團於香港及澳門之僱員人數約為157名（二零零三年三月三十一日：139名），而於中國之僱員人數則約為34,800名（東莞佔29,000名及清遠佔5,800名）（二零零三年三月三十一日：26,000名）。增聘中國之員工人數乃由於本集團進一步擴大於中國之生產能力及實施垂直綜合生產所致。薪酬一般參考市場標準及個別員工資歷而釐定。本集團僱員之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。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。本集團亦提供購股權計劃，據此可向僱員授予購股權以認購本集團股份。此項購股權計劃旨在給予僱員動力及權益以為本集團提供更佳的表現。

## 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。本集團將作繼續努力，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，二零零四年七月十二日