# Management Discussion and Analysis
# 管理層討論與分析

## OVERVIEW

The Group reported satisfactory result for the year ended 31 March 2004. The turnover was HK$3,299 million, representing a year-on-year increase of 7.3%. Net profit for the year increased by 10.4% to approximately HK$245 million. Following the disposal of non-core motorcycle business in September 2003, the Group has retained and deployed all of the resources for the development of the EMS business.

## 概覽

截至二零零四年止年度， 本集團錄得令人滿意業績， 營業額為3,299,000,000港元，較去年增加7.3%。本年度純利較去年增加10.4%至約245,000,000港元。 隨著本集團於二零零三年九月出售電單車業務後，本集團已重新分配資源專注發展其電子製造服務業務。

## Working Capital Management and Dividend Policy

As at 31 March 2004, the Group maintained bank and cash balances of approximately HK$274 million (31 March 2003: HK$293 million) and working capital utilisation continued to be efficient. The Group's inventory increased in 2004, mainly as a result of the anticipation of increases in sales. The Group's average trade receivables turnover was only 13 days (2003: 19 days), reflecting the enhanced credit management of the Group.

In view of the Group's strong liquidity in inventories and trade receivables together with the rich cash holdings, the Board of Directors recommended a final dividend of HK8.5 cents per share. Following the disposal of the motorcycle business in September 2003, the Group rewarded its shareholders with a HK8 cents per share special dividend. Excluding the special dividend, the total payment of dividend will be HK15.5 cents per share for the year ended 31 March 2004. This translates into a 50.1% dividend payout ratio on the current year profit.

The Board of Directors considers that it presents a prudent decision to return current surplus cash holdings to our shareholder while continuing to operate the Group with the optimum shareholders' funds.

The Board of Directors considers that the policy of maintaining a normal dividend payout ratio of about 50% on net profit is appropriate. Whilst providing rewards to the investors for their on-going support, the cash available after dividend payments is sufficient to match the Group's future funding requirements.

## 營運資金管理及股息政策

截至二零零四年三月三十一日，本集團之銀行及現金結存維持約274,000,000港元（二零零三年三月三十一日：293,000,000港元）及繼續有效地善用營運資金。於二零零四年，本集團之存貨增加，主要由於預計銷售額增加所致，而本集團之平均貿易應收賬款流轉期僅為13日（二零零三年：19日），反映本集團已加強信貸管理。

鑒於本集團在存貨及貿易應收賬款方面擁有穩健之流通能力，再加上充裕之現金盈餘，董事會決定宣派末期股息每股8.5港仙。於二零零三年九月，隨著出售電單車部門，本集團向其股東回饋特別股息每股8港仙。除特別股息外，截至二零零四年三月三十一日止年度派付之股息總額為每股15.5港仙。股息率相等於本年度純利之50.1%。

董事會認為保留適當之股東資金以持續進行本集團業務之同時，向股東回饋目前所多持之剩餘現金為一項審慎之決定。

董事會認為，維持派付約純利之五成作為普通股息之政策恰當而適切，此政策既可回饋投資者對集團不斷支持，且於派付股息後仍有足夠之現金水平應付本集團未來之資金需求。

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## Financing and Capital Structure

With its strong financial management and the low interest rates driven by the downturn in the US market, the Group continued to benefit from a low level of finance costs of approximately HK$3.9 million for the year (31 March 2003: HK$6.1 million).

Total debt of the Group stood at approximately HK$343 million. The HK$210 million syndication loan was fully drawn by the Group and the outstanding balance was HK$162 million as at 31 March 2004. The loan, repayable quarterly, will be fully repaid in 2006. Moreover, the Group also entered into a term loan facility with a bank in the amount of HK$100 million for a term of 5 years. Because of the drawndown of the above loans, the gearing ratio increased to 0.31 (31 March 2003: 0.20).

The Group's borrowings are primarily denominated in Hong Kong dollars and the Group has no significant exposure to foreign exchange fluctuations.

## 融資及資本架構

憑藉嚴謹之財務管理，加上美國市場低迷引息率下調，本集團於本年度之融資成本仍維持於約3,900,000港元之低水平（二零零三年三月三十一日：6,100,000港元）。

本集團之債務總額約為343,000,000港元。截至本年度，本集團已全數支取210,000,000港元之銀團貸款，而於二零零四年三月三十一日之未償還結餘為162,000,000港元。該貸款乃按季償還，並將於二零零六年全數償還。此外，本集團與一家銀行亦訂立為期五年，涉及金額100,000,000港元之定期貸款信貸。由於已支取上述貸款，本集團之資產負債比率上升至0.31（二零零三年三月三十一日：0.20）。

由於本集團之借貸主要以港元定值，因此本集團毋須承擔重大外匯波動之風險。

## Liquidity and Financial Resources

The net current assets of the Group as at 31 March 2004 remained high at a level of approximately HK$318 million (31 March 2003: HK$331 million). Accordingly, the current ratio still stood at a very healthy level of 1.5 (31 March 2003: 1.6). Shareholders' funds was maintained at approximately HK$1,098 million as at 31 March 2004.

This robust financial position is mainly attributed to the Group's strong earning capability as well as its effective financial management.

## 流動資金及財政資源

於二零零四年三月三十一日，本集團之流動資產淨額維持於約318,000,000港元（二零零三年三月三十一日：331,000,000港元）之高水平。因此，流動比率仍處於1.5（二零零三年三月三十一日：1.6）之穩健水平。於二零零四年三月三十一日，股東資金維持於約1,098,000,000港元之水平。

本集團擁有穩健之財務狀況，全賴本集團強勁之盈利能力及有效之財務管理。

## Exchange Exposure

The majority of the Group's sales and purchases are denominated in US Dollars and as HK Dollars and US Dollars are hedged and on this basis, the Group's exposure to foreign exchange purchases in connection with sales and purchases revenues is adequately managed.

## 匯兌風險

本集團之銷售及採購大部份以美元結算。由於港元與美元掛勾，因此本集團就銷售及採購承擔之匯兌風險得以受到適當控制。