

## DIVIDEND

The Directors has resolved to declare an interim dividend of HK3.5 cents (2003: interim dividend of HK7 cents) per share for the six months ended 30 September 2004. The dividend will be payable on or about 18 January 2005 to shareholders of the Company whose names are on the Register of Members on 14 January 2005.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 10 January 2005 to 14 January 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrars, Tengis Limited, G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 7 January 2005.

## BUSINESS REVIEW

The six months under review was a challenging period for the Group. For the six months ended 30 September 2004, the Group recorded a turnover of HK\$2,008 million compared with HK\$1,652 million for the same period last year, representing an increase of 21.5%. The satisfactory improvement was mainly attributable to the increase in sales demand for electronics consumer products after the improvement of the global economy and the benefit of industry consolidation for core traditional audio products. The net profit for the period recorded a decrease from HK\$121 million for the same period last year to HK\$54 million. Like other industrial manufacturers, the Group's profit margin was negatively affected by the increasing global commodity prices for key raw materials used for manufacturing. For the six months ended 30 September 2004, high oil prices and growing global demand for commodities have contributed to increasing raw material costs. Thus, lower net margin reflected the impact of drastic price increases in key commodity raw materials, such as plastics, laminates and metals.

## 股息

董事已議決派發截至二零零四年九月三十日止六個月之中期股息每股3.5港仙(二零零三年:中期股息每股7港仙)。有關股息將於二零零五年一月十八日或前後向於二零零五年一月十四日名列本公司股東登記冊內之股東派發。

## 暫停辦理股份過戶登記手續

本公司在二零零五年一月十日至二零零五年一月十四日(包括首尾兩天)之期間內將會暫停為股東辦理股份過戶登記手續。為符合收取中期股息之資格,務請股東在二零零五年一月七日下午四時三十分之前,將所有有關之過戶文件連同有關股票交回本公司之香港股份過戶登記分處登捷時有限公司,地址為香港灣仔告士打道56號東亞銀行港灣中心地下,方為有效。

## 業務回顧

於回顧之六個月期間為本集團帶來重大挑戰。截至二零零四年九月三十日止六個月,本集團錄得營業額2,008,000,000港元,較去年同期之1,652,000,000港元,上升21.5%。營業額出現令人滿意升幅主要是由於全球經濟改善令電子消費者產品之銷售需求增加及傳統核心音響產品之行業整合所帶來之利益。期內錄得之純利由去年同期121,000,000港元減少至54,000,000港元。如業內其他製造商,本集團之邊際溢利受到供製造業務使用之主要原材料之全球商品價格上漲帶來之負面影響。截至二零零四年九月三十日止六個月,石油價格高漲及全球對商品之需求上升,導致原材料價格攀升。因此,邊際純利下跌反映主要商品原材料(例如塑膠、覆鋼面板及金屬)之價格急速上升帶來之影響。

During the six months ended 30 September 2004, sales of home audio products represented approximately 89.8% of the Group's turnover and remains the Group's core business. During the period, the Group successfully launched some high value digital products like DVD combos and DVD home theatre systems. Although the Group received numerous customer orders for its products, the plastic and other commodity prices also reached new heights around September 2004. In the second quarter of the financial year, average spot prices of plastics jetted up approximately 50% to 60%. The cost of plastic raw materials was vital for the manufacturing of consumer electronics goods and the Group's operating costs were significantly increased.

During the period under review, the Group implemented new vertical integration operations like manufacturing of corrugated papers, speakers, connectors and cassette deck motors, upgrading the single layer PCB operations and enhancing the electroplating process. The newly developed Qingyuan Industrial Estate has been gradually put into use to increase the Group's production capacity. However, the subcontracting charges were maintained at relatively high levels when the various new operations were still undergoing ramp up processes. Some of these processes require time to bolster its operation efficiency. The Group's subcontracting charges during the period amounted to HK\$59 million (2003: HK\$28 million).

The Group rearranged its banking facilities in August 2004 with a HK\$350 million syndicated loan facility. The Group will take benefit from lower finance costs. The Group's administrative expenses were similar to the corresponding period in previous year recorded at HK\$56 million. The Group's selling and distribution expenses increased from HK\$13 million for the same period last year to HK\$21 million, mainly because of the record shipments for the period. Moreover, the operations in Qingyuan incurred higher transportation costs than Dongguan. The Group has exercised stringent control on costs and the percentage of selling, distribution and administrative expenses to total sales was reduced to 3.9% (2003: 4.0%).

於截至二零零四年九月三十日止六個月內，家庭音響產品之銷售額佔本集團營業額約89.8%，並繼續成為本集團之核心業務。期內，本集團成功推出若干較高價值數碼產品，例如DVD機組合及DVD家庭影院系列。雖然本集團已接到有關其產品之大量客戶訂單，但塑膠及其他商品價格亦於二零零四年九月左右上升至新高。於本財政年度第二季，塑膠平均現貨價格急升約50%至60%。因塑膠原材料成本對消費者電子商品製造行業具有關鍵影響，亦令本集團之經營成本大幅上升。

於回顧期間，本集團落實全新之垂直綜合業務，例如製造瓦楞紙、揚聲器、連接器及卡式機芯摩打，提升單面電路板運作及加強電鍍工序。新建成的清遠工業村已分階段使用及增加集團的生產力。然而，由於各全新運作仍有待全面發揮，故外判加工費用仍維持於較高水平。若干有關工序需要更多時間以提升其營運效益。本集團期內之外判加工開支合共59,000,000港元（二零零三年：28,000,000港元）。

本集團於二零零四年八月向銀行安排350,000,000港元之銀團貸款。本集團將會受惠於較低之融資成本。本集團之行政開支為56,000,000港元，與去年同期相若。本集團之銷售及分銷開支由去年同期之13,000,000港元增至21,000,000港元，主要是由於期內錄得歷來最高付運量所致。此外，清遠業務之運輸成本亦較東莞為高。本集團已嚴格控制成本，銷售、分銷及行政總開支與銷售額之百分比率減至3.9%（二零零三年：4.0%）。

The Group has a geographically diverse market. During the six months ended 30 September 2004, America remained the largest market of the Group's products followed by Europe. HK\$1,374 million and HK\$398 million of the Group's products were sold to America and Europe, accounting for 68.4% and 19.8% of the Group's total turnover respectively. During the corresponding period in previous year, approximately HK\$997 million and HK\$390 million of the Group's products were sold to America and Europe respectively. The Group successfully acquired certain reputable distributors during the period and this helps in further expanding the distribution of the Group's products in America and Europe.

In order to improve the quality and performance of the Group's products, the Group remains committed to developing new products and new models of existing products with additional features. We have a research and design team of over 300 engineers in Dongguan, launching over 40 newly designed products every year.

During the six months ended 30 September 2004, the Group also determined to enhance its automation in the production processes. The Group acquired additional sets of plastic injection and surface mounts machines, stamp presses and dies and CNC machinery for moulding operation. The Group also installed swing robots and auto-spraying equipment with C10,000 cleaning room standards. All these processes contributed to our overall production efficiency and quality. On top of the existing four sets of power generators, the Group acquired an additional set of 4,000 kw power generator to further cut down its power cost.

本集團之銷售市場遍及世界各地。於截至二零零四年九月三十日止六個月內，美洲仍為本集團產品之最大銷售市場，歐洲則緊隨其後。本集團價值1,374,000,000港元及398,000,000港元之產品已出售予美洲及歐洲，分別佔本集團總營業額之68.4%及19.8%。於去年同期內，本集團售予美洲及歐洲之產品分別約為997,000,000港元及390,000,000港元。本集團於期內成功取得若干著名分銷商之訂單，有助本集團進一步擴大於美洲及歐洲之產品分銷業務。

為了提升本集團產品之質素及表現，本集團承諾繼續開發新產品及具備更多功能之新型號現有產品。本集團於東莞工業城之研究及設計隊伍聘用超過300名工程師，每年推出超過40種全新設計產品。

於截至二零零四年九月三十日止六個月內，本集團亦決定加強其生產工序自動化。本集團購入額外之注塑機、表面裝貼機、衝壓機、注塑模具及CNC機。本集團亦已安裝機械臂及採用設有C10,000清潔室之自動噴射設備。所有有關工序均有助提升本集團之整體生產效益及質素。除現有四台發電機外，本集團已增購一台4,000千瓦發電機以進一步減低其發電成本。