

## Management Discussion and Analysis 管理層討論及分析

### RESULTS HIGHLIGHTS

- Turnover increased by 39.0% to HK\$870,910,000, breaking all time high records for three consecutive years
- Net profit rose by 67.2% to HK\$61,949,000, breaking all time high records
- Basic earnings per share rose by 69.2% to HK16.78 cents
- Proposed final dividend of HK2 cents per share

### 業績概要

- 營業額上升39.0%至870,910,000港元，連續三年創有史以來之新高
- 純利上升67.2%至61,949,000港元，創有史以來之新高
- 每股基本盈利上升69.2%至16.78港仙
- 擬派末期息為每股2港仙

### REVIEW OF RESULTS

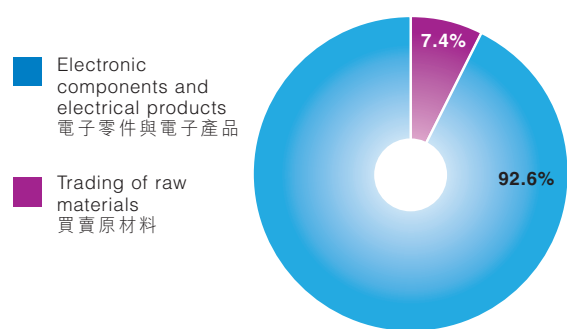
The Group continued to achieve remarkable improvements in its financial and operating results for the year ended 31 December 2004 ("FY2004"), despite a relatively stable global market for electronic component products.

### 業績回顧

雖然全球電子零件產品市場相對增長緩慢，惟本集團截至二零零四年十二月三十一日止年度（「二零零四年財政年度」）之財務及經營業績仍繼續取得可觀增長。

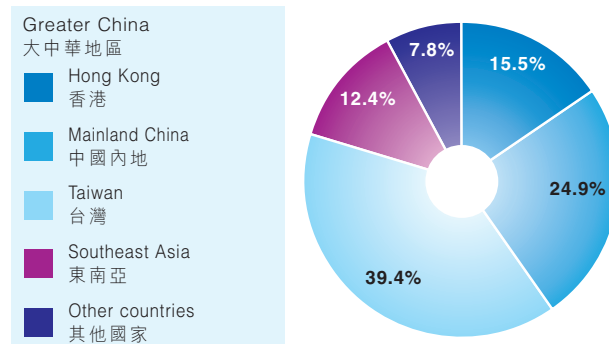
#### TURNOVER – BY BUSINESS SEGMENTS (2004)

營業額 – 業務分類 (2004)



#### TURNOVER – BY GEOGRAPHICAL SEGMENTS (2004)

營業額 – 地區分類 (2004)



The Group's turnover for the year amounted to HK\$870,910,000, representing a year-on-year growth of 39.0%. Gross profit amounted to HK\$190,556,000, representing a growth of 26.0%. However, in terms of gross margin, it reflected a drop from last year's 24.1% to this year's 21.9%. This drop primarily reflects the global pricing pressures from customers of electronic components as well as the increasing prices for certain critical raw materials. To compensate for the reduction in gross margin, the Group continued to put efforts in

年內之集團營業額達870,910,000港元，按年增長39.0%；毛利190,556,000港元，增長26.0%。然而按毛利率而言，則由去年24.1%降至本年21.9%，主要反映來自全球電子零件客戶之價格壓力，以及若干重要原材料加價之影響。為抵銷毛利率下降之影響，本集團繼續致力降低其銷售、分銷及一般行政費用。就本集團之股東應佔溢利淨額由去年37,053,000港元大幅上升67.2%至二零零四年財政年度61,949,000港元，

## Management Discussion and Analysis 管理層討論及分析

rationalizing its selling, distribution and general administrative expenses. This is evidenced by the significant growth in the Group's net profit attributable to shareholders from last year's HK\$37,053,000 to FY2004's HK\$61,949,000. This represented an increase of 67.2% from last year. Net margin also improved to 7.1% from last year's 5.9%. Basic earnings per share rose to HK16.78 cents, representing an improvement of 69.2% from last year.

In view of the satisfactory performance in FY2004, the Board is pleased to resume dividend payment and, accordingly, is proposing a final dividend of HK2 cents per share.

### REVIEW OF OPERATIONS

FY2004 was a challenging but rewarding year for the Group. The Group achieved significant growth in turnover through its growth of the OEM business with global renowned electronic brands and expansion in the market share for our "Samxon" brand, an in-house developed brand representing high-quality and high-technology. The Group has also realigned its product mix by putting more emphasis on high-valued aluminium electrolytic capacitors. The application of our electrolytic capacitors can now be found in computer motherboards, CRT monitors, display cards, power supplies, adaptors, photo flashes, ballasts, air conditioners, DVDs, loudspeakers, LCD television sets as well as mobile phone battery chargers. We will continue our efforts to maintain a high degree of production flexibility and to improve production efficiency in order to remain competitive in the market.



From the geographical perspective, the Group experienced strong growth in all regions, particularly in Greater China (including Taiwan) and Southeast Asia. Turnover for Greater China (including Taiwan) grew by 41.1% to HK\$694,489,000 during the year. This was mainly attributable to the increase in sales to our Taiwanese customers by 53.1% from

便可見証此措施之成效。純利率亦由去年5.9%上升至7.1%。每股基本盈利比去年上升69.2%至16.78港仙。

鑑於二零零四年財政年度業績表現理想，董事會欣然恢復派息並建議派發每股2港仙之末期股息。

### 業務回顧

二零零四年財政年度對於本集團是充滿挑戰但有收穫的一年。本集團藉著國際知名電子品牌之原設備製造業務，以及本身「Samxon」品牌之市場佔有率有所增長，在營業額方面贏得可觀增長。「Samxon」是內部自行開發的品牌，象徵了高品質和高科技。本集團亦藉集中資源於高價鋁電解電容器來重組產品組合。我們的鋁電解電容器現在應用於電腦主板、CRT 顯示器、顯示卡、電源器、轉接器、相機閃光燈、鎮流器、空調、DVD機、擴音器、LCD 電視機，以及手機電池充電器。本集團將繼續致力保持高度生產靈活性及提高生產效率，以在市場上維持競爭力。

按地區分析，本集團各地區均有強勁增長，尤以大中華地區（包括台灣）及東南亞為甚。大中華地區（包括台灣）之營業額上升41.1%至694,489,000港元，主要反映售往台灣客戶之銷量由223,893,000港元上升53.1%至本年342,741,000港元。售往香港及中國內地客戶之

## Management Discussion and Analysis 管理層討論及分析

HK\$223,893,000 to HK\$342,741,000. Sales to Hong Kong and Mainland Chinese customers increased mildly from HK\$127,911,000 to HK\$135,127,000 and from HK\$140,264,000 to HK\$216,621,000 respectively. Sales to Southeast Asian customers also increased from HK\$93,800,000 to HK\$108,430,000. Sales to other countries, mainly Korea and certain European countries, also increased from HK\$40,585,000 to HK\$67,991,000.



銷量增長溫和，分別由127,911,000港元及140,264,000港元增至135,127,000港元及216,621,000港元。售往東南亞客戶之銷量亦由93,800,000港元增至108,430,000港元，而售往其他國家（主要為韓國及若干歐洲國家）之銷量亦由40,585,000港元增至67,991,000港元。

From the investment perspective, the Group acquired the remaining 18.33% interest in Wuxi Heli Electronic Co., Ltd (“Wuxi Heli”) on 30 December 2004. Following this acquisition, Wuxi Heli became an indirect wholly owned subsidiary of the Company. This acquisition will allow the Group to strategically grow its operations in the Wuxi areas with higher degree of flexibility and efficiency.

投資方面，本集團於二零零四年十二月三十日收購無錫和利電子有限公司（「無錫和利」）餘下的18.33%權益。無錫和利於收購後成為本集團之間接全資附屬公司。收購讓本集團以高度靈活性及高效率策略性發展我們在無錫地區的業務。

## LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2004, the Group's gross borrowings in terms of bank loans and finance leases amounted to HK\$229,849,000 (2003: HK\$202,510,000), of which HK\$152,947,000 was repayable within one year, HK\$66,902,000 was repayable between one and two years and HK\$10,000,000 was repayable between three and five years. After deducting cash and cash equivalents (including non-cash equivalent deposits) of HK\$50,961,000 (2003: HK\$49,416,000), the Group's net borrowing amounted to HK\$178,888,000 (2003: HK\$153,094,000). Shareholders' equity at the year end stood at HK\$325,525,000 (2003: HK\$259,619,000). Accordingly, the Group's net borrowing to shareholders' equity ratio improved from last year's 59.0% to this year's 55.0%.

## 流動資金及財務資源

於二零零四年十二月三十一日，本集團有關銀行貸款及融資租賃之借貸總額為229,849,000港元（二零零三年：202,510,000港元），其中152,947,000港元須於一年內償還，66,902,000港元須於一至兩年內償還，10,000,000港元須於三至五年內償還。扣除現金及現金等值物（包括非現金等值存款）50,961,000港元（二零零三年：49,416,000港元）後，本集團之借貸淨額為178,888,000港元（二零零三年：153,094,000港元），而年內之股東資金為325,525,000港元（二零零三年：259,619,000港元）。因此，本集團之借貸淨額相對於股東資金之比率由去年之59.0%改善至今年之55.0%。



## Management Discussion and Analysis 管理層討論及分析

The Group generated a net cash inflow from operating activities of HK\$61,664,000 (2003: HK\$18,670,000) during the year under review. In addition, the Group also obtained a net cash inflow from financing activities of HK\$27,646,000 (2003: HK\$97,820,000) mainly through the drawdown of new bank loans amounted to HK\$48,663,000 (2003: HK\$198,068,000). The above cash inflows were partly consumed in investing activities, mainly the purchase of fixed assets amounted to HK\$79,486,000 (2003: HK\$79,465,000).

本集團於回顧年度內透過經營活動產生淨現金流入 61,664,000 港元 (二零零三年: 18,670,000 港元)。此外, 本集團亦透過融資活動產生淨現金流入 27,646,000 港元 (二零零三年: 97,820,000 港元), 主要包括提取 48,663,000 港元 (二零零三年: 198,068,000 港元) 新造銀行貸款。上述現金流入中有部份用於投資活動, 主要為購入為數 79,486,000 港元 (二零零三年: 79,465,000 港元) 固定資產。

Profit before interest, taxation, depreciation and amortization ("EBITDA") for FY2004 was HK\$112,292,000 (2003: HK\$74,112,000), representing an increase of approximately 51.5% as compared to that of last year. Interest coverage expressed as a multiple of EBITDA to total interest expenses improved to 15.9 times (2003: 13.8 times).



於二零零四年財政年度扣除利息、稅項、折舊及攤銷前之溢利 (「EBITDA」) 為 112,292,000 港元 (二零零三年: 74,112,000 港元), 比去年上升約 51.5%。利息盈利率 (以 EBITDA 相對於利息費用總額之倍數表示) 改善至 15.9 倍 (二零零三年: 13.8 倍)。

Capital expenditure incurred on the purchase of fixed assets for FY2004 amounted to HK\$79,486,000 (2003: HK\$96,216,000), representing a decrease of approximately 17.4% as compared to that of last year. This was funded by internally generated resources, finance lease payables and long term bank financings.

於二零零四年財政年度購入固定資產之資本性開支為 79,486,000 港元 (二零零三年: 96,216,000 港元), 比去年下降約 17.4%。該等開支乃以內部產生之資源、融資租賃應付款項及長期銀行融資撥付。

The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yens. As Hong Kong dollar is pegged to United States dollar and there has not been major fluctuation in the exchange rate between Renminbi and Hong Kong dollar, the Group has not experienced any significant exchange risk arising from these currencies. Forward foreign exchange contracts were used by the Group to hedge against its exposures arising from Japanese yen. The Group also entered into interest rate swap contracts to partially hedge the interest payable in the loans stated above. Credit risk was hedged through export credit insurance coverage.

本集團主要以港元、人民幣、美元及日圓進行業務交易。在港元與美元掛鈎, 而人民幣與港元之匯率並無重大波動情況下, 本集團並不預期會對該等貨幣有重大匯兌風險。本集團曾以外匯期貨合約對沖來自日圓之風險。本集團亦已訂立利率掉期合約, 以對沖上述貸款部分之應付利息。信貸風險則以出口信貸保險以降低風險。

## Management Discussion and Analysis 管理層討論及分析

### CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2004, the Group had capital commitments, which were contracted but not provided for, in respect of construction in progress of HK\$11,343,000 and plant and machinery of HK\$7,025,000.

As at 31 December 2004, the Company had issued guarantees amounting to HK\$483,857,000 in respect of banking facilities and finance lease contracts granted to its subsidiaries.

### EMPLOYMENT AND REMUNERATION POLICY

At 31 December 2004, the Group had 93 employees (2003: 79) located in Hong Kong and employed a total work force of approximately 3,676 (2003: 3,288) inclusive of its operations in Mainland China and overseas offices. Total headcount increased mainly due to the expansion of existing production facilities, both in Dongguan and Wuxi, to meet increasing sales order demands. Salaries, bonuses and benefits to employees were determined with reference to market terms and the performance, qualification and experience of individual employees.



### PROSPECTS

The Group participated in certain trade fairs and exhibitions in Hong Kong, Mainland China, Europe and the United States in 2004. Through the participation in such trade fairs, the Group can further expand its already enlarging customers base and business opportunities. In FY2004, the Group saw certain successes in building up new customers base in Korea, Japan and Greater China. Going forward, the Group will further expand its business in the regions where it is strong at and in new territories such as North America, South America and Europe.

### 資本承擔及或然負債

於二零零四年十二月三十一日，本集團就在建工程及廠房及機器分別有11,343,000港元及7,025,000港元之已訂約但未撥備之資本承擔。

於二零零四年十二月三十一日，本公司就授予其附屬公司之銀行融資及融資租賃作出483,857,000港元之擔保。

### 僱員及酬金政策

於二零零四年十二月三十一日，本集團在香港僱有93名（二零零三年：79名）僱員，與中國內地之業務及海外辦事處合計後合共僱用3,676名（二零零三年：3,288名）僱員。總僱員人數增加，乃因位於東莞及無錫之原有廠房擴充，以應付定單量日增所致。僱員之薪酬、花紅及福利乃參考市場水平及因應個別僱員之表現、資歷及經驗而釐定。

### 前景

本集團於二零零四年參加了一些香港、中國內地、歐洲及美國舉行之交易會及展覽會。透過參與該等交易會，本集團得以將其不斷拓展之客戶基礎及商機進一步擴大。於二零零四年財政年度，本集團成功於韓國、日本及大中華地區贏得若干新客戶。展望將來，本集團除致力發展已佔據之市場外，更致力開拓北美、南美及歐洲等新市場。

## Management Discussion and Analysis 管理層討論及分析

In 2005, one of the key focuses of the Group is to expand its production capacities to meet rapidly expanding sales orders. In this regard, a new manufacturing facility in Wuxi will be operative by mid 2005. This will eventually increase our production capacity in Wuxi area from 80,000,000 pieces a month to 200,000,000 pieces a month. In Dongguan area, the Group has also planned to expand its present production capacity. A shareholders' agreement has been entered with other joint venture partners in January 2005 to co-develop an industrial estate in Dongguan. Upon completion of its construction, the manufacturing facility will be leased to the Group. This new facility will enable the Group to eventually enlarge its Dongguan's production capacity from 450,000,000 pieces a month to 650,000,000 pieces a month. All in all, the Groups' total production capacity is expected to increase significantly upon the completion of the abovementioned projects. These expansion projects will be funded primarily by the Group's internal resources. Bank loans may also be obtained to fund part of these projects as and when needed.



本集團於二零零五年之一大重點，乃擴大其產量以應付不斷增長之銷售訂單。就此而言，位於無錫之新廠房將於二零零五年中投產，最終將我們在無錫之產量由每月80,000,000件上升至每月200,000,000件。另外，本集團亦計劃將東莞之產能擴大。二零零五年一月與其他合營夥伴訂立之股東協議，乃旨在於東莞共同發展工業用地，落成後之廠房將租予本集團。新設施落成後最終將本集團於東莞之產量由每月450,000,000件上升至每月650,000,000件。總括而言，本集團之總產能將於上述項目完成後大增。此等擴充項目將主要以本集團內部資源撥付。有需要時部分此等項目亦將以銀行貸款撥付。

Research and development capability is a key to the success in the product innovation and diversification. In this regard, the Group signed a cooperation agreement with the renowned Qinghua University in PRC, a leading Chinese university specializing in electronic and chemical engineering. Through this cooperation agreement, the Group will be able to develop more innovative products at lower costs than before.

研發能力乃產品創新及多元化之成功關鍵。就此而言，本集團與中國清華大學(擅長於電子工程及化學工程之著名中國學府)簽訂合作協議。藉此，本集團將得以用更低成本開發更新穎之產品。