

# Management Discussion and Analysis

## 管理層討論及分析

### RESULTS OF OPERATION

The turnover of the Group decreased by 1.4% to HK\$942 million and the profit attributable to shareholders was HK\$134 million for the year, which was increased by 30.8% as compared to previous financial year. The earnings per share for the year was HK16.2 cents when compared with HK12.4 cents in last year.

The United States market continued to be the largest market for the Group's products. Sales to the United States constituted 77.8% of the Group turnover compared with 78.1% in 2004. Sales to Europe amounted to 18.9% compared with 18.1% in 2004. Other market collectively accounted for 3.3% compared to 3.8% in 2004.

During the year, the Group disposed of all the interest in Foreland Pacific Limited and its subsidiaries for a consideration of HK\$57 million. The disposal resulted in a gain of HK\$31 million to the Group. When excluding the gain on disposal of subsidiaries, the profit attributable to shareholders increased by 1.8% to HK\$102 million. Subsequent to the disposal of subsidiaries, the distribution expenses and administrative expenses were decreased by 21.3% and 17.7% to HK\$88 million and HK\$109 million respectively for the year.

### BUSINESS AND OPERATION REVIEW

A detailed review of the Group's business operations and prospects is included in the Chairman's Statement.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' fund of the Group as at 31 March 2005 was HK\$458 million (31 March 2004: HK\$366 million).

The Group maintains a very strong financial position with a very low level of debts and a high liquidity. The Group ended the year with a current ratio of 5.5 (31 March 2004: 2.9) and zero (31 March 2004: zero) net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity).

### 經營業績

本集團本年度營業額下跌1.4%至942,045,000港元，股東應佔溢利為133,586,000港元，比上一個財政年度增長30.8%。本年度每股溢利為16.2港仙，上年度為12.4港仙。

美國仍然為本集團產品之最大市場。產品銷售往美國佔本集團營業額77.8%，上年度為78.1%；銷售往歐洲佔18.9%，上年度為18.1%；其他市場共佔3.3%，上年度為3.8%。

年內，本集團以代價HK\$56,930,000出售Foreland Pacific Limited及其附屬公司之全部權益。是次出售為本集團帶來31,199,000港元之收益。若撇除出售附屬公司之收益，本年度股東應佔溢利則比上年度增長1.8%至102,387,000港元。出售附屬公司後，全年銷售費用及行政費用亦分別下跌21.3%及17.7%至88,494,000港元及108,685,000港元。

### 業務及經營回顧

本集團之經營回顧及展望已詳列於主席報告內。

### 流動資金、財務資源及資本結構

於二零零五年三月三十一日，本集團之股東資金總額為458,000,000港元(二零零四年三月三十一日：366,000,000港元)。

本集團保持著一個低負債水平、高流動資金及非常穩健之財務狀況。本集團於年結日的流動資產比率為5.5(二零零四年三月三十一日：2.9)，而淨資本負債比率(借貸總額減現金及現金等同項目除以股東權益)則為零(二零零四年三月三十一日：零)。

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The Group had a net cash surplus of HK\$201 million (2004: HK\$106 million) and was deposited in the leading banks in Hong Kong in either Hong Kong dollars or United States dollars.

Net cash inflow provided by operating activities totaled HK\$144 million (2004: HK\$94 million). The consistent strong cash flow from operating activities reflects the Group's strength in the working capital management to support the business operations. The Group's future cash flow from operations and its available banking facilities will provide sufficient funds to the Group to meet its operation requirements.

### FUNDING POLICY

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars or United States dollars. As a result, the Group has a minimal exposure to foreign exchange risk.

### COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2005, the Group had capital commitments of approximately HK\$3,154,000 in respect of the acquisition of property, plant and equipment. The Group had no material contingent liabilities.

### PLEDGE OF ASSETS

As at 31 March 2005, the Group did not have any assets pledged for general facilities.

### HUMAN RESOURCES

At 31 March 2005, the Group had a workforce of more than 6,000 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

本集團之淨現金盈餘為201,000,000港元(二零零四年：106,000,000港元)，並以港元或美元存於本港之主要銀行。

經營業務之現金流入淨額共144,000,000港元(二零零四年：94,000,000港元)。持續強勁之現金流量正反映本集團有效地管理營運資金以配合業務運作之需要。本集團未來之現金流量及未動用之銀行信貸額將為業務所需提供足夠的資金。

### 資金政策

本集團之交易及貨幣資產主要以港元或美元訂值，因此本集團承受之外匯風險極低。

### 承擔及或然負債

於二零零五年三月三十一日，本集團用作購置物業、廠房及設備之資本承擔約為3,154,000港元。本集團並無重大或然負債。

### 資產抵押

於二零零五年三月三十一日，本集團並無抵押任何資產以作一般信貸。

### 人力資源

於二零零五年三月三十一日，本集團員工超過6,000名。本集團與員工關係一向良好，並為員工提供足夠培訓、優厚福利及獎勵計劃。員工酬金乃按彼等之工作表現、專業經驗及當時之市場狀況而釐定，除基本薪金外並按員工表現發放花紅。

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The Company has a share option scheme under which the executive directors and employees of the Company and its subsidiaries may be granted options to subscribe for ordinary shares in the Company. Up to 31 March 2005, no option was granted under the scheme.

### AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors, namely Mr. Heng Kwo Seng, Mr. Wan Chi Keung, Aaron JP and Mr. Wong Kai Tung, Tony. The principal activities of the Audit Committee include the review of the Group's internal control system and financial reporting matters including the review of connected transactions, unaudited interim financial statements and audited annual results. They have met with the executive directors and the external auditors to consider the nature and scope of the audit.

本公司有一項購股權計劃。據此，本公司及其附屬公司之執行董事及僱員均可獲授認購本公司普通股份之購股權。截至二零零五年三月三十一日止，此計劃並無授出購股權。

### 審核委員會

審核委員會由三位獨立非執行董事邢詒春先生、尹志強先生太平紳士及王啟東先生組成。審核委員會之主要職能包括檢討本集團之內部監控及財務申報事宜，其中包括審閱關連交易、未經審核中期財務報表及經審核年度業績。審核委員會之成員已與執行董事及獨立會計師進行會議商討審核性質及範圍。