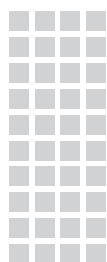

蔣麗苑
行政總裁

Lai Yuen CHIANG
Chief Executive Officer



鍥而不捨
持之以恆

震雄集團年產注塑機接近15,000台，全線系列注塑機鎖模力由20噸至3,500噸。震雄集團客戶來自全球超過65個國家，包括中國、歐美及東南亞等多個地方。

The Group produces approximately 15,000 injection moulding machines annually with a customer base covering more than 65 countries worldwide, including China, U.S., Europe and most S.E. Asian countries. The clamping force is from 20 tons to 3,500 tons.



業績表現

在二零零五年度本集團錄得良好的業績增長，營業額及股東應佔溢利分別為港幣18.67億元(二零零四年：港幣16.34億元)及港幣2.61億元(二零零四年：港幣2.14億元)，較去年同期分別增長14%及22%。每股基本盈利為港幣42.2仙(二零零四年：港幣35.0仙)，較去年增長21%。

總體來說，本財政年度之市場經營環境好壞參半。上半年受惠於國內經濟增長的勢頭，市場環境普遍暢旺，家電及汽車行業更是以高速增長；而在國際市場方面，本集團過去數年的投資已取得回報，銷售額全年增長達84%的非常可觀水平。國際市場的急促開拓不單帶來良好的盈利基礎，更豐富了業務區域的多元化，減低本集團依賴單一市場的風險。踏入下半年，由於一連串的不利因素困擾，使國內市場明顯放緩，其中最大的衝擊來自以下三點：

一、 中國政府在二零零四年五月份啟動了新一輪宏觀經濟調控措施，以避免經濟過熱，使國內銀根全面收緊、銀行緊縮信貸，中小企業面臨營運資金短缺，難以擴產，最終影響了國內整體的注塑機需求。

Financial Performance

The Group registered solid growth during the financial year 2005, with turnover and profit attributable to shareholders increased by 14% and 22% to HK\$1,867 million (2004: HK\$1,634 million) and HK\$261 million (2004: HK\$214 million) respectively. Basic earnings per share was HK42.2 cents (2004: HK35.0 cents), an increase of 21% over last year.

General market conditions for the financial year had been a mixed blessing. During the first half, China's rapid economic growth provided a robust market environment for our products, with growth in the household appliances and automotive segments being particularly pronounced. In addition, the Group's previous investments into international markets during the past few years yielded attractive returns, with turnover grew by a staggering 84%. The Group's international expansion not only provided a significant new source of earnings, but also helped spread the risks of over-dependency on a single market through geographic diversification. The second half of the financial year was plagued by a series of unfavourable factors which had contributed to a marked slow-down of market demand for our products in China. Among these factors were:

1. A new round of austerity measures announced by the Chinese Government in May 2004, targeted to cool down the over-heating economy, ordered an across-the-board tightening of money supply and bank credit throughout the country, which in turn caused working capital tightness in many small-to-medium enterprises (SMEs). These SMEs, the traditional growth segment for our products, no longer had enough liquidity to expand capacity, which ultimately affected the total demand of injection moulding machines in China.

二、 國際原油價格波動頻繁，從二零零三年的每桶30美元開始攀升，屢破歷史高峰，在二零零四年十月份達58美元的高峰，從而帶動塑膠原材料價格亦跟隨上升。這些波動令客戶在議價時無所適從，從而打擊了市場的信心，也影響了部份客戶的盈利能力，令客戶對增加設備投資變得十分謹慎。估計油價波動的陰影（在二零零五年年初突破60美元）仍會纏繞市場，影響投資情緒。

2. Large-scale fluctuations of international crude oil prices (rising from US\$30 per barrel in 2003 to a series of historical highs of US\$58 per barrel in October 2004) caused a parallel increase of prices of plastic resins. These fluctuations created significant uncertainties to the Group's customers when they negotiated contract pricing, affecting their profitability and confidence, and consequently caused these customers to become extremely cautious and conservative with regards to capital investment. It is anticipated that the shadow of oil price fluctuations (crude oil prices exceeded US\$60 per barrel in early 2005) will continue to loom over the general market, dampening investment sentiments.



三、 鋼鐵及合金材料價格上漲。本財政年度初雖然價格有所回落，但從下半年開始再次屢破歷史高位。原材料價格上升使集團的成本上升。

3. Prices of steel and alloy metals, though receding slightly early this financial year, started rising and broke through previous records during the second half. The rise of raw material prices increased the Group's costs.

針對以上，本集團透過一系列措施，如與國內銀行合作推廣「買方信貸」安排，協助受宏觀調控影響的客戶的資金週轉，以及改良產品設計、策略性中央採購、提升生產效益及增加自製零件比重（尤其是鑄件）等，從而有效地減輕這些因素帶來的影響，維持合理的盈利能力。

Facing the afore-mentioned market changes, the Group promptly initiated a number of actions targeted to address or alleviate these impacts. For instance, the Group cooperated with various banks in China to promote the "Buyer's Credit" program which helped provide credit to customers with liquidity affected by austerity measures. Also through improved product design, centralised strategic procurement, enhanced production efficiency and increased self-manufacturing (especially castings), the Group was able to contain the impact of these unfavourable factors and maintain reasonable profitability.

市場分析

截至二零零五年三月三十一日止年度按客戶地域劃分的營業額分析如下：

Market Analysis

Breakdown of turnover based on the location of customers for the year ended 31 March 2005 is as follows:

客戶類別	Customer Type	2005 (港幣百萬元) (HK\$M)	2004 (港幣百萬元) (HK\$M)	變動 Change
中國(包括香港)	Mainland China (including Hong Kong)	1,280	1,254	+2%
台灣	Taiwan	229	185	+24%
其他海外國家	Other overseas countries	358	195	+84%
		1,867	1,634	+14%

中國國內市場在第一季度異常活躍，所有塑料行業(尤其是家電及汽車配件)都錄得高增長，帶動注塑機的需求大幅增加。自從二零零四年五月份的新一輪宏觀經濟調控實施以來，機械市場急促降溫，很多客戶因為資金流嚴重緊張而推遲了或取消了擴充計劃，已下的訂單亦延遲提貨，總體市場的需求因此措施而驟降。

本集團有見及此，因應加強了與國內銀行合作推廣「買方信貸計劃」，協助安排受影響的客戶得到需要的設備投資資金，並有效地保障了集團的信貸風險，致使本集團應收週期維持與去年平穩的水平。

The China market during the first quarter was red-hot with almost all plastic-related industries (especially household appliances and automotive) registering high growth, which in turn brought a substantial increase in demand for injection moulding machines. Ever since the introduction of new austerity measures in May 2004, the market for industrial machinery started cooling rapidly as many customers delayed or cancelled capital expansion plans due to tightness in liquidity. Even orders already placed were delayed taken delivery. The general market demand shrank drastically due to the new austerity measures.

In face with these adverse market conditions, the Group immediately accelerated its cooperation with numerous banks in China to help provide credit to customers under the impact of the austerity measures. These "Buyer's Credit" programs effectively safe-guarded the Group's credit exposure, while helping to maintain account receivables to a level similar to last year.





震雄獨創研發 專利圓形模板
Exclusive **Circular Platen** (patented)

與此同時，國際原油價格在期間大幅上升，塑膠原材料價格全面上漲，引致很多客戶(尤其是出口企業，港商及外商等)的盈利首當其衝，甚至被迫虧損交貨，也大大降低了購機的意慾。這兩項因素導致總體市場的萎縮，而本集團在中國的總銷售額雖較去年只微升2%，達港幣12.8億元(二零零四年：港幣12.5億元)，但若以市場佔有率計算則已較去年有可觀的增長。

中國華東地區仍然是本集團的重點開發市場，隨著大型注塑機的銷量上升，高科技的優勢越見突顯，總銷售額在此地區比去年增長超過30%，證明本集團的市場開發方向及定位的正確決策。

台灣本土市場在本年度明顯地復甦，雖然也受到塑膠原材料價格上升之影響，但總體業績仍然比去年同期增長24%，達港幣2.29億元(二零零四年：港幣1.85億元)。普遍來說，台商遷廠往大陸的趨勢越來越明顯，而本集團將在中國大陸加大台商客戶的推廣力度。

At almost the same time, international crude oil prices rose dramatically, causing the prices of plastic resins to increase in tandem. Many of the Group's customers (especially export-oriented enterprises, many are Hong Kong companies or foreign invested enterprises) faced reduced profitability or were even forced to produce at a loss. Because of this, their incentives to purchase new machines were drastically reduced. The combination of these two factors caused a slowdown of general market demand in China. Although the Group's turnover growth in China was only a meagre 2% to HK\$1.28 billion (2004: HK\$1.25 billion), in terms of total market share there was already a significant increase over last year.

Eastern China remains an important growth market for the Group, and with increase in sales of large-tonnage machines, the Group's competitive advantage in technology became ever more distinct. The Group ended the year with sales in this region growing by over 30% which proved the Group's correct market positioning and developmental direction.

Although the domestic market in Taiwan was similarly affected by rising plastic resin prices, it recovered markedly during this financial year, with turnover growing 24% to HK\$229 million (2004: HK\$185 million). In general, Taiwanese companies relocating their production bases to China has become an ever-increasing trend, and the Group is well prepared to increase promotional efforts to Taiwanese customers in China to fully capitalise on this shift.



過去數年，本集團一直致力開發國際市場，在今年錄得驕人成績，總營業額比去年大幅增長84%，達港幣3.58億元（二零零四年：港幣1.95億元），而且勢頭持續，在多個發展中國家的帶動下，全面向好。

經過歷年的投資，國際市場業務已紮穩根基，震雄品牌在世界工業界已膾炙人口，很多國際性的客戶都認同震雄產品及服務。估計在將來，國際市場會因此而高速發展，使集團的業務區域漸趨多元化。

新技術及新產品發展

在本年度，省電大型注塑機系列銷量增長可觀，這不單因為新的生產設施全面上線、生產效率繼續提升等原因，更重要的是本集團的大型注塑機已為市場普遍接受，並得到客戶的廣泛認同。由於中國的電力緊張持續，省電裝置已成很多客戶購機的必要條件，而本集團仍然是全大中華地區唯一擁有成熟技術的省電大型注塑機生產商，故能在本年度爭取到不少新的市場份額。

Internationally, the Group spent the last few years laying solid foundations, and these efforts are now yielding attractive returns. Total international turnover grew by 84% over last year to HK\$358 million (2004: HK\$195 million). This growth trend in international markets continues strongly and all across-the-board, strengthened by breakthroughs in numerous developing countries.

After years of investment, the Group's international business is already well-founded and deep-rooted in many countries, the Chen Hsong brand and service being renowned and accepted throughout the world. It is anticipated that, because of this solid foundation, the Group will experience high growth in international markets, providing healthy geographic diversification to the Group's business portfolio.

New Technology and Product Development

Sales of large-tonnage injection moulding machines grew impressively during this financial year, not only due to new manufacturing facilities coming fully on-line and continued increases in production efficiency, but also due to general market acceptance of the Group's large tonnage products. As China suffered continued shortages in electricity, energy-saving technology had become a crucial purchase criteria for injection moulding machines, and so the Group was successfully in capturing new market share because it remains the only supplier with matured energy-saving technology for large-tonnage machines.



經過去年的市場推廣，「iChen」車間聯網管理系統帶來的效益受到客戶一定的認可，協助不少客戶達到更高的資源管理及生產效率，並已成為本集團的重點技術開發平台。「資訊網絡化」是時下趨勢，而很多生產性企業亦面臨資訊化的衝擊和挑戰：誰能更好、更有效地掌握資訊，將是未來激烈競爭下的勝利者。故此，集團在本年度致力於擴充及完善「iChen」平台，並在其上建立更多、更新、更方便、更能增值的資訊功能，陸續推出市場，為客戶提升管理效益及水平，亦為集團帶來競爭優勢。

除此以外，本集團與國際知名的科技集團合作開發的一系列高精度、高速閉環控制技術，亦陸續在市場亮相。這些新開發的技術使集團的產品在保持成本優勢的情況下，能達到接近歐日水平，估計在來年將為集團開拓更高檔客戶市場。

The “iChen” networked shop-floor management system, after a year of promotions, has been generally accepted by the market and successfully helped many customers optimise their usage of resources and increase productivity. This new technology is now the Group’s primary technology development platform. As the world enters an Age of Information, many manufacturing companies are faced with the unique demands and challenges of an increasingly-networked Information Age. The ability to better manage and utilise information has increasingly become a criteria to success in the cut-through competition of today’s businesses. Recognising this trend, the Group invested substantially last year to expand and perfect the “iChen” platform, and started introducing newer, more convenient, higher value-added functionalities based on this platform; they helped customers improve their levels of management, while at the same time bring further competitive advantages to the Group.

Furthermore, a series of new technologies that the Group co-developed with world-renowned technology corporations (such as a series of high-precision, high-speed, closed-loop control systems) also made their debut this year. These new technologies provided the Group with ability to close the performance gap with high-end European and Japanese machines with limited additional costs; they will likely assist the Group in penetrating higher-end world market segments in the future.



生產效益及成本控制

深圳震雄工業園第二期工程在本年度成功投產，包括全亞洲最大的球墨鑄造生產線，有助本集團減少外發加工、節省成本、繼續提升生產效率。雖然鋼鐵原材料價格在本年度初已高據不下，還繼續突破歷史高峰，令生產成本上升，但透過新的鑄造線和強化物流及採購管理，本集團有效地把原材料漲價對毛利率的影響控制在2%以內，保障了盈利能力。

財務回顧

流動資產及財務資源狀況

於二零零五年三月三十一日，本集團銀行存款為港幣2.07億元（二零零四年：港幣2.72億元），比去年同日減少港幣6,500萬元，全年度的資金流已於綜合現金流量表中作出詳盡分析。

於二零零五年三月三十一日，本集團有銀行借貸港幣1.61億元（二零零四年：港幣5,900萬元），比去年同日增加港幣1.02億元。銀行借貸為短期融資，主要用作集團各附屬公司的營運資金。

Production Efficiency and Cost Control

The second stage (Phase B) of the Shenzhen Chen Hsong Industrial Park, which includes the largest ductile iron casting facility in Asia, successfully went on-line in this financial year. The new capacity helped the Group reduce outsourcing, lower production costs, and increase manufacturing efficiency. Although prices of steel were already hover at a high level earlier this financial year, and went on to set even high records, causing a significant increase in production costs, the Group was still able to safe-guard its profitability and successfully control impacts to 2% of gross margin, primarily due to contributions from the new ductile iron casting line, strengthened logistical control and improved procurement management.

Financial Review

Liquidity and Financial Conditions

As at 31 March 2005, the Group maintained a bank balance of HK\$207 million (2004: HK\$272 million), a decrease of HK\$65 million over the same date of last year. Details of cash movements were analysed in the Consolidated Cash Flow Statement.

As at 31 March 2005, the Group had bank borrowings of HK\$161 million (2004: HK\$59 million), which represented an increase of HK\$102 million over the same date of last year. The bank borrowings were mainly short-term bank facilities that were used as working capital by the subsidiaries of the Group.

於財務資源管理方面，本集團會繼續維持一貫穩健的財務管理政策，及儲備充足的流動資產，以應付集團對各項投資及營運資金的需求。於二零零五年三月三十一日，本集團的流動資產淨值為港幣7.39億元（二零零四年：港幣6.02億元），較去年同日增加23%。

資金及外幣風險管理

本集團在資金管理方面一向採取穩健理財及集中管理策略，現金一般以港元或美元存放於銀行，作短期至中期存款及一些可增強回報的穩健金融投資。

本集團在外幣風險管理方面亦採取一貫穩健運作態度，致力以有關結算貨幣的恰當借貸水平對沖其外幣投資。於二零零五年三月三十一日的外幣總借貸為相等於港幣6,100萬元（二零零四年：港幣5,900萬元），波動較大的外幣付款會以短期外匯合約作對沖。

人力資源發展

於二零零五年三月三十一日，本集團（聯營公司除外）之全職僱員總人數約3,400名（二零零四年：3,000名）。本集團為僱員提供完善之薪酬及福利條件，水平維持於具競爭力水平，晉升機會及加薪幅度取決於僱員個人及集團整體之業績表現。除各項薪酬及福利待遇外，本集團亦向部份僱員授予購股權以鼓勵及延攬優秀員工。

於人才培訓方面，本集團管理層不遺餘力地通過優質人才培訓計劃及企業文化活動，不斷地提升僱員的專業知識水平、質素及團隊精神。

It is the policy of the Group to adopt a consistent financial management strategy and maintain sufficient liquidity to meet the funding requirement of the Group's investments and operations. As at 31 March 2005, net current assets of the Group were HK\$739 million (2004: HK\$602 million), which represented a 23% increase over the same date of last year.

Treasury and Foreign Exchange Management

The Group adopted a centralized and conservative approach in managing its funding. Funds, primarily denominated in HK- or US-dollar, were normally placed in short to medium term deposit and other secure treasury investments for higher yield.

For foreign exchange management, the Group consistently adopted a conservative policy and endeavoured to hedge its foreign currency activities with appropriate levels of foreign currency borrowings in order to reduce foreign exchange exposure. As at 31 March 2005, the Group had foreign currency borrowings equivalent to HK\$61 million (2004: HK\$59 million). Forward exchange contracts were used for hedging payment in certain volatile foreign currencies.

Human Resources Development

As at 31 March 2005, the Group, excluding its associates, had approximately 3,400 (2004: 3,000) full-time employees. The Group ensured that pay levels of employees were market-competitive, and employee promotions and pay were rewarded on individual as well as the financial performance of the Group. Share options of the Company were granted to selected employees of the Group for rewarding and retaining talents.

The Group regularly conducted staff trainings and enterprise culture activities in order to enhance the standard of professional knowledge, staff quality and teamwork spirit.



來年展望

展望來年，總體市場的形勢仍然不明朗。若然中國宏觀調控力度維持、國內資金供應持續緊張，而油價繼續波動，鋼材價格持續上漲等，則仍會對整體經濟及本集團的客戶構成影響。但如以近日報導指中國有望放寬宏觀調控力度，而國際油價及鋼材價格的波動能穩定下來，則估計市場的反彈將是強勁的，因為中國的製造業競爭力畢竟仍然是在世界之端，而中國亦被全球冠于「世界工廠」的美譽，相信外商及國內企業投資會快速重拾升軌。

本集團將維持一貫營運理念，繼續利用新鑄造生產線的成本優勢，以及對營運成本的嚴格控制，配合高質素的管理，應付外來挑戰和機遇。在任何市場環境下，我們的承諾是以專業高效的管理方法及制度，和嚴謹的企業管治標準，全力以赴，營造最佳的股東回報。

Prospects for the Coming Year

Visibility in the general market continues to be low. If China continues with the current strength of austerity measures, credit continues to be tight, crude oil prices continue to fluctuate and steel prices continue to increase, then the Chinese economy as well as the Group's customers will continue to be affected. On the other hand, if the Chinese Government relaxes the austerity measures (as reported by the media recently), and the prices of crude oil and steel stabilise, then it is projected that the market will likely experience a strong rebound. This is because China still has the world's strongest competitiveness in manufacturing, being termed the "Factory of the World", and capital investments, both foreign and domestic, are likely to start growing again.

The Group will follow its traditional core management principles in face of challenges and opportunities, which is continue to leverage cost advantages from the new casting line, strict cost control, and high quality management. We pledge to always strive to provide the best return to shareholders, regardless of market conditions, based on professional and efficient management methods and policies, and strict corporate governance standards.