

Robust research and  
development capability  
研發能力超卓



DVD recorder

# CHAIRMAN'S STATEMENT



**LING Siu Man, Simon**  
Chairman & Managing Director

**凌少文**  
主席兼董事總經理

## DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual result of Tonic Industries Holdings Limited for the year ended 31 March 2005 (the "Year").

## BUSINESS REVIEW AND OUTLOOK

For the Year under review, the Group achieved a turnover of approximately HK\$2,636 million, representing an increase of 27% as compared with HK\$2,074 million recorded last year. EBITDA and profit before tax were HK\$120 million and HK\$29 million respectively, as compared with HK\$96 million and HK\$20 million last year.

During the Year, market demands for the Group's products continued to be strong, but there was increasing competition in the consumer electronics market. High cost of materials continued to affect the Group's profit margin. The prices of key components, such as flash memory and RAM (random access memory), rose quickly as demands increased in the second half of last year. Increased costs continued to affect the Group in the first half of this year. The costs of other materials such as metals and plastics also rose significantly.

The Group continued to invest in the research and development of new digital products to keep pace with the rapidly changing needs of the market. Our production and engineering departments in Hong Kong, Shenzhen and Dongguan work very closely with integrated circuits solution providers and components suppliers. Many new products including digital amusement centre, digital satellite receivers, cable set top boxes, LCD TV, portable DVD players and DVD recorders were launched this year and are expected to

## 致各股東

本人謹代表董事會欣然提呈東力實業控股有限公司截至二零零五年三月三十一日止年度（「本年度」）的全年業績報告。

## 業務回顧及展望

本集團於回顧年度錄得營業額約2,636,000,000港元，較去年的2,074,000,000港元增加27%。未扣除利息、稅項、折舊及攤銷前的盈利及除稅前溢利分別為120,000,000港元及29,000,000港元，去年則分別為96,000,000港元及20,000,000港元。

過去一年，市場對本集團產品需求依然殷切，但消費電子產品市場競爭亦愈趨激烈。原材料成本高企，繼續對本集團邊際利潤構成影響。由於市場需求龐大，主要零件如快閃記憶體及RAM（隨機存取記憶體）等價格於去年度下半年大幅飆升，於本年度上半年繼續影響本集團。而其他原材料如金屬和塑料的成本亦顯著上升。

本集團繼續投放資源研發新數碼產品，確保集團能緊貼市場需求的迅速變化。本集團香港、深圳及東莞的生產及工程部與集成電路方案供應商及零件供應商緊密合作。年內推出多種新產品包括數碼娛樂中心、數碼衛星接收器、有線電視機頂盒、液晶顯示屏幕（LCD）電視、可攜式數碼光碟（DVD）播放機及DVD錄影機，預期將於今後數年為本集團貢獻可觀及穩定的收益。開發中的新產品包括採用藍光規格的新一代高密度DVD播放

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generate significant and constant contributions to the Group in the coming years. New products under development include the next generation DVD players with high density and blue ray format, combination products with VCR compatibility, etc. are expected to be launched at the end of the year.

The marketing division for digital satellite receivers saw steady progress. Increasing orders were received reflecting favourable customer response. Our research indicated strong potential demand for these products in the market and discussions with important ODM and OEM customers in Europe and the Middle East are in progress. We are also in discussion with certain veteran Korean manufacturers of satellite receivers to shift their production facilities from Korea to Tonic in China for more competitive production costs.

The construction of the factory buildings in Shek Pai was completed in early 2005 and can now provide the Group with extra production capacity. The new factory provides a timely solution to the anticipated growth in demand for the new products launched during the year. The project imposed additional financial constraints on the Group, however, those constraints are expected to be relieved when the factory becomes fully operational in the coming years and our turnover and financial resources increase.

The business of the Home Appliance Division grew steadily and contributed approximately 10% of the Group's turnover. The OEM/ODM segment of the business performed particularly well in terms of sales and margin. However the own brand business has yet to generate return to the Group. As such we have decided to scale down the own brand business in Japan. With the saved resources we aim to expand the division's product line in the coming years.

Taking into account the high oil prices and lingering international trade disputes, we are conservative about the outlook of the world economy. In the short term, keen competition in the market and high material costs will continue to squeeze our business and profit margins. In the long term, however, we believe the demand for new products such as DVD recorders, LCD TV and digital satellite receivers, which are still relatively expensive at the moment, will increase when their prices come down to more affordable levels. We are confident that the Group is well positioned to take on the challenges ahead.

## RIGHTS ISSUE

As at 28 January 2005, the Group proposed to raise between approximately HK\$64 million to HK\$68 million, before expenses, by way of a rights issue ("Rights Issue") at the price of HK\$0.2 per rights share on the basis of one rights share for

機、兼容VCR的組合式產品等，預期將於今年年底面世。

數碼衛星接收器的市場推廣部正穩步進展。集團接獲的訂單增加，客戶反應亦非常熱烈。集團調查顯示，此類產品擁有優厚市場潛力；集團亦積極地與歐洲及中東的原設計製造及原設備製造客戶進行磋商。我們亦正跟數家歷史悠久的韓國衛星接收器製造商討論有關將其韓國生產設備遷往東力在中國的廠房內，以提高雙方的生產成本效益。

在石排的新建廠房已於二零零五年初竣工，為本集團提供額外產能；預計到市場對年內推出的新產品需求將更殷切，新廠房正好填補了這個空缺。雖然此項目對本集團造成額外財務負擔，本集團預期只要廠房在來年全面投入生產，加上集團的營業額及財政資源增加，該等壓力將得到舒緩。

家用電器產品部門業務維持穩健增長，其佔本集團營業額約10%。雖然自有品牌業務仍未為本集團帶來回報，但原設備製造／原設計製造部門的業務在銷售和邊際利潤的表現尤其突出。為此，本集團決定縮減旗下日本自有品牌業務規模，並打算在來年將減省下來的資源用於擴闊家用電器部門的產品類型。

鑑於油價高企，國際貿易糾紛持續不斷，本集團對環球經濟前景持較審慎態度。短期內，市場競爭劇烈，原材料成本高企等因素將繼續令本集團業務和邊際利潤受壓，但長遠而言，我們相信只要DVD錄影機、LCD電視及數碼衛星接收器等新產品的價格降至市場能接受的水平（目前該等產品售價仍相當高昂）下，該等產品的需求將會持續增加。我們相信本集團在穩佔的有利位置下，定能克服未來種種挑戰。

## 供股

於二零零五年一月二十八日，本集團建議按於記錄日期每持有兩股現有股份配發一股供股股份的基準提呈供股（「供股」），每股供股股份價格為0.2港元，藉此集資約64,000,000港元至

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every two existing shares held on the record date. As at 16 March 2005, the Rights Issue was closed with a total of valid applications for 509,462,481 Rights Shares, which was approximately 1.6 times subscribed. Among the net proceeds of approximately HK\$62 million, approximately HK\$30 million would be used for the purchase of plant and machinery for the new factory and the rest would be used as the Group's general working capital. When the Rights Issue was completed, the Company's issued share capital was enlarged to 952,889,962 shares.

## FINAL DIVIDEND

The Board of Directors recommended the payment of a final cash dividend of HK1 cent (year ended 31 March 2004: HK0.5 cent) per share.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 September 2005 to 15 September 2005, both days inclusive, during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m., on 12 September 2005.

## APPRECIATION

On behalf of the Group, I would like to extend my special thanks to our employees for their continuous contribution and hard work, to our customers and business partners for their continuous co-operation and support for the Group. To my fellow board members, I thank you for your dedication to good governance of the Company. We will endeavour to improve the results of the Company and bring in better returns for our shareholders.

On behalf of the Board

**Ling Siu Man, Simon**

*Chairman & Managing Director*

Hong Kong, 15 July 2005

68,000,000港元(未扣除開支)。供股於二零零五年三月十六日截止，共接獲509,462,481股供股股份的有效申請，超額認購約1.6倍。所籌得的款項淨額約62,000,000港元，其中約30,000,000港元會用來為新廠房購置機器及設備，餘款則會撥作本集團一般營運資金。供股完成後，本公司已發行股本擴大至952,889,962股股份。

## 末期股息

董事會建議派發末期現金股息每股1港仙(截至二零零四年三月三十一日止年度：0.5港仙)。

## 暫停辦理股東登記手續

本公司將於二零零五年九月十三日至二零零五年九月十五日(包括首尾兩日)暫停辦理股東登記手續，期間亦不會登記任何股份過戶。為確保可享有擬派的末期股息，所有過戶文件連同有關股票最遲須於二零零五年九月十二日下午四時三十分前交回本公司香港股份過戶登記處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

## 致謝

本人謹代表本集團衷心感謝僱員作出的貢獻及辛勤工作，以及客戶及業務夥伴一直以來對本集團的合作與支持。此外，本人亦就董事會成員盡心監管本公司深表謝意。本集團將繼續致力改善本公司業績，為股東帶來更佳回報。

代表董事會

**主席兼董事總經理**

**凌少文**

香港，二零零五年七月十五日