

Management Discussion and Analysis

管理層討論及分析

Business Review

Overview

The acquisitions made by the Group, the latest being that of Dowry Peacock Group Limited (“Dowry Peacock”), have seen a change in the Group’s operational model – trading activities in which customers are charged on the basis of shipment value now constitute a significant proportion of its business (trading model) while previously its income came predominantly from commission (commission agent model). As such, the Group believes examining shipment value instead of turnover should reflect its performance more accurately.

For the six months ended 31 October 2005, the Group recorded shipment value of approximately US\$435.9 million (equivalent to HK\$3,400.0 million), representing an increase of approximately 15.8% as compared to the corresponding period of last year. The results were particularly notable against the backdrop of high oil prices and rising interest rates that caused uncertainty in customer buying sentiment, and the trade friction between China and the EU and US over Chinese apparel exports.

Turnover increased by approximately 279.2% from approximately US\$25.9 million (equivalent to HK\$202.0 million) to approximately US\$98.4 million (equivalent to HK\$767.5 million). The increase was mainly attributable to the newly acquired businesses, which were accounted for on the basis of shipment value during the period under review.

Operating expenses and finance costs increased by approximately US\$5.0 million (equivalent to HK\$39.0 million) from approximately US\$15.8 million (equivalent to HK\$123.2 million) to approximately US\$20.8 million (equivalent to HK\$162.2 million). The consolidation of expenses from the newly acquired businesses was the major reason for the increase.

Aided by a one-time non-operating income of approximately US\$3.4 million (equivalent to HK\$26.5 million) which represents an excess of interest in fair value of acquired subsidiaries’ net assets over cost of investment arising from the acquisition of 60% interest in Dowry Peacock, net profit after tax increased by approximately 42.8% to approximately US\$10.5 million (equivalent to HK\$81.9 million). Net profit after tax as a percentage of shipment value increased from approximately 2.0% to approximately 2.4%. Excluding the one-time non-operating income as mentioned above, net profit after tax was approximately US\$7.1 million (equivalent to HK\$55.4 million); and net profit after tax to shipment value ratio slid to approximately 1.6% mainly because of the longer time period required for adjustment of operating cost associated with the changes in the volume of business activities.

業務回顧

概覽

本集團所作的收購（最近一次為收購 Dowry Peacock Group Limited（「Dowry Peacock」））令本集團營運模式隨之而改變 – 按付運量總值向客戶收取費用之貿易活動模式（貿易模式）現已成為本集團業務之重大部分，有別於以往收入主要來自佣金之模式（佣金代理模式）。因此本集團相信，按付運量總值評估本集團之表現，較按營業額進行評估更為準確。

截至二零零五年十月三十一日止六個月，本集團錄得付運量總值約為435,900,000美元（相等於3,400,000,000港元），較去年同期增加約15.8%。此業績在油價高企和利率不斷上升導致客戶消費意欲不明朗，以及中國與歐盟及美國在中國成衣出口方面之磨擦之背景下更形突出。

營業額由約25,900,000美元（相等於202,000,000港元）增加約279.2%至約98,400,000美元（相等於767,500,000港元）。增加主要是由於新收購之業務所致，此等業務於本回顧期內按付運量總值為基準列賬。

經營開支和財務費用由約15,800,000美元（相等於123,200,000港元），增加約5,000,000美元（相等於39,000,000港元）至約20,800,000美元（相等於162,200,000港元）。新收購業務之開支綜合入賬乃導致該等增加之主要原因。

受惠於一次性非營運收入約3,400,000美元（相等於26,500,000港元）（相當於由於收購 Dowry Peacock 60%權益而產生的應佔所收購附屬公司資產淨值之公平價值中之權益超逾投資成本之部分），除稅後純利增加約42.8%至約10,500,000美元（相等於81,900,000港元）。除稅後純利相等於付運量總值之百分比由約2.0%增加至約2.4%。撇除上述該項一次性非營運收入，除稅後純利約為7,100,000美元（相等於55,400,000港元）；及除稅後純利相等於付運量總值之比率滑落至約1.6%，主要由於需要較長時間調整改變業務活動規模所涉及之經營成本。

Basic earnings per share was approximately 1.6 US cents (equivalent to 12.5 HK cents).

Segmental analysis

The Group achieved a more diversified geographic footprint during the period under review. Bolstered by the newly acquired businesses, the Group's business volume in Europe, Australia and other regions increased significantly. During the period under review, shipment value to Europe surged approximately 100.3% from approximately US\$33.8 million (equivalent to HK\$263.6 million) to approximately US\$67.7 million (equivalent to HK\$528.1 million), accounting for approximately 15.5% of the Group's total shipment value. Shipment value to Australia increased from nil to approximately US\$18.1 million (equivalent to HK\$141.2 million). However, as a result of weakened demand from the Group's key customers in North America, shipment to North America decreased by approximately 10.8% from approximately US\$288.8 million (equivalent to HK\$2,252.6 million) to approximately US\$257.5 million (equivalent to HK\$2,008.5 million). Nevertheless, North America remained as the Group's largest revenue contributor, accounting for approximately 59.1% of the Group's total shipment value.

Acquisition

The acquisition of 60% interest in Dowry Peacock was completed on 19 October 2005. Dowry Peacock is a UK-based consumer electronics products brand owner and supply chain management company. It is principally engaged in the business of consultancy, design, sourcing, planning, procurement, quality inspection, brand and warranty management of home entertainment and consumer electronics products. Its major customers include leading supermarkets and mass merchandise retailers predominantly in the UK. Dowry Peacock also owns four major consumer electronics and small domestic appliance product brands, namely "Dual", "Nordmende", "Pacific" and "Digilogic". Products carrying these brands are sold primarily in the UK, France, and Germany. With Dowry Peacock having strong presence predominantly in the UK, shipment to Europe is expected to surge in the second half of the financial year.

每股基本盈利約為1.6美仙(相等於12.5港仙)。

分類資料分析

於本回顧期間，本集團之業務足跡分佈至更廣闊地區。受新收購業務所推動，本集團在歐洲、澳洲和其他地區之業務量大幅增加。於本回顧期間，往歐洲之付運量總值由約33,800,000美元(相等於263,600,000港元)大幅上升約100.3%至約67,700,000美元(相等於528,100,000港元)，佔本集團總付運量總值約15.5%。往澳洲之付運量總值由無增加至約18,100,000美元(相等於141,200,000港元)。然而，由於本集團在北美之主要客戶需求減弱，往北美之付運量總值由約288,800,000美元(相等於2,252,600,000港元)下跌約10.8%至約257,500,000美元(相等於2,008,500,000港元)。雖然如此，北美仍為本集團最大收入來源，佔本集團總付運量總值約59.1%。

收購

收購Dowry Peacock之60%權益已於二零零五年十月十九日完成。Dowry Peacock為一間以英國為基地之消費電子產品品牌持有人和供應鏈管理公司。該公司主要從事家庭娛樂和消費電子產品之顧問、設計、採購、規劃、購買、品質檢定、品牌及保養管理業務。其主要客戶包括位於英國為主的大型超級市場和主要大眾商品零售商。Dowry Peacock亦擁有四個主要消費電子及小型家用電器產品品牌，即「Dual」、「Nordmende」、「Pacific」及「Digilogic」。此等品牌之產品主要銷往英國、法國和德國。憑著Dowry Peacock主要在英國的重要據點，預期運往歐洲之付運量於本財政年度下半年將會大幅攀升。

Financial Review

The Group's financial position is strong with bank balances and cash of approximately US\$38.0 million (equivalent to HK\$296.4 million) as at 31 October 2005. In addition, the Group has total banking facilities of approximately US\$53.4 million (equivalent to HK\$416.5 million).

The Group's current ratio was 1.1 and gearing ratio was low at 0.04, based on interest-bearing borrowing of approximately US\$3.9 million (equivalent to HK\$30.4 million) and total equity of approximately US\$106.1 million (equivalent to HK\$827.6 million) as at 31 October 2005. There has not been any material change in the Group's borrowings since 31 October 2005.

During the period under review, trade receivables increased from approximately US\$20.3 million (equivalent to HK\$158.3 million) to approximately US\$44.9 million (equivalent to HK\$350.2 million) mainly due to the acquisition of Dowry Peacock. As at 31 October 2005, trade receivables aged over 90 days were approximately US\$6.6 million (equivalent to HK\$51.5 million) which is being carefully monitored by management and subsequent settlement is proceeding in accordance with plan.

The Group's unaudited net asset value as at 31 October 2005 was approximately US\$106.1 million (equivalent to HK\$827.6 million).

As at 31 October 2005, pledges of bank deposits amounted to approximately US\$7.0 million (equivalent to HK\$54.6 million) and there was a fixed and floating debenture over the assets of Dowry Peacock to cover banking facilities in the ordinary course of business. The Group had no material contingent liability as at 31 October 2005 and there has been no material change since then.

The majority of the Group's transactions are denominated in US dollars and Hong Kong dollars. Since Hong Kong dollar is pegged to US dollar, management believes that the Group is not exposed to any major risks from exchange rate fluctuation.

財務回顧

本集團之財務狀況穩健，於二零零五年十月三十一日之銀行結存及現金約為38,000,000美元（相等於296,400,000港元）。此外，本集團之銀行融資總額約為53,400,000美元（相等於416,500,000港元）。

本集團於二零零五年十月三十一日之流動比率為1.1。根據計息借貸約3,900,000美元（相等於30,400,000港元）及權益總值約106,100,000美元（相等於827,600,000港元）計算，資產負債比率處於0.04之低水平。本集團之借貸自二零零五年十月三十一日以來並無任何重大轉變。

於本回顧期間，貿易應收賬款由約20,300,000美元（相等於158,300,000港元）增加至約44,900,000美元（相等於350,200,000港元），主要是由於收購Dowry Peacock所致。於二零零五年十月三十一日，賬齡超過90天之應收貿易賬款約為6,600,000美元（相等於51,500,000港元），管理層正審慎監控此等應收賬款，於結算日後此等應收賬款正按計劃償付。

於二零零五年十月三十一日，本集團之未經審核資產淨值約為106,100,000美元（相等於827,600,000港元）。

於二零零五年十月三十一日，銀行存款之抵押約7,000,000美元（相等於54,600,000港元）及銀行信貸抵押，並有就Dowry Peacock之資產發出之固定及浮動債權證作為日常業務之銀行融資之擔保。於二零零五年十月三十一日，本集團並無任何重大或然負債，且自此後本集團之或然負債並無任何重大變動。

本集團大部分交易主要以美元及港元結算。由於港元與美元掛鈎，故管理層相信本集團並無承受任何匯率波動引致之重大匯兌風險。

Prospects

Management sees opportunities as well as challenges for the second half of the financial year. The implementation of textile safeguards for the EU and more recently the US has failed to address the uncertainty surrounding the future use of China to source products for our customers – in the EU until 2008, and in the US possibly beyond 2009. In addition, developments such as the potential appreciation of the Renminbi against US dollar and Euro might bring new uncertainties to the market. Nevertheless, the Group believes the outsourcing trend will continue to grow and more leading retail chain operators, well-known brands, wholesalers, mail order houses and department stores will continue to look for sourcing partner who can provide them with comprehensive sourcing services as well as value-added services. Riding on its global sourcing network, Linmark is uniquely positioned to find the best sourcing solutions for its customers regardless of market situation and trade policies.

As one of the Group's strongest growth drivers, the business of Dowry Peacock is expected to generate significant contribution in the second half of the financial year. The acquisition will not only boost both the Group's top and bottom lines, but will also broaden its customer base in Europe and allow it to further expand its hardgoods business for a more balanced business mix. The Group will continue to work on creating synergistic benefits from its acquired businesses including cross-selling opportunities, and promoting value-added services that meet its customers' needs.

To further expand the Group's business scope, Linmark will continue to seek acquisition opportunities. Such initiatives will also help to accelerate Linmark's growth and supplement its corporate objective of diversifying its customer base, markets, products and services.

Based on current assessment, management maintains an overall positive view of the Group's performance in the rest of the financial year.

Recognition in Corporate Governance

On 17 November 2005, Mr. WANG Lu Yen, Chairman and executive Director of Linmark, received the Directors of the Year Awards 2005. Instigated by The Hong Kong Institute of Directors with 66 project partners, the Directors Of The Year Awards 2005 is co-organised with the Financial Services and the Treasury Bureau of the Government of the Hong Kong Special Administrative Region, the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited. The awards recognise the winners' excellent corporate governance efforts and contribution to raising corporate governance standards in Hong Kong.

展望

管理層認為本財政年度下半年充滿機遇與挑戰。歐盟及較近期美國實行之紡織品保護措施未能紓解本集團客戶今後在中國採購產品之疑慮。在歐盟方面，預期有關疑慮有待二零零八年才能解除，美國方面更可能要到二零零九年以後才能消除。此外，人民幣兌美元及歐元之升值潛力亦可能為市場帶來不明朗因素。儘管如此，本集團相信外判採購的趨勢將會持續，亦會有越來越多主要零售連鎖經營商、著名品牌、批發商、郵購公司和百貨公司將繼續尋找可以為其提供全面的採購服務和增值服務之採購夥伴。憑著其全球採購網絡，林麥已準備就緒，無論市場狀況和貿易政策如何，均能夠為客戶提供最適切之採購方案。

作為本集團最大增長推動力之一，Dowry Peacock之業務於本財政年度下半年預期將帶來重大貢獻。此收購將不單提升本集團之營業額和盈利，亦將擴闊本集團在歐洲之客戶基礎，並讓本集團可進一步擴充其雜貨採購業務，達致更平衡之業務組合。本集團將繼續努力從所收購業務創造協同效益，包括交叉銷售機會和推廣切合客戶需要之增值服務。

為進一步擴闊本集團之業務範圍，林麥將繼續尋求收購機會。該等措施亦將有助提高林麥之增長速度和配合其發展多元化客戶基礎、市場、產品和服務之公司目標。

按照現時之評估，管理層對本集團於本財政年度餘下時間之整體表現維持樂觀看法。

公司管治認可

於二零零五年十一月十七日，林麥主席兼執行董事王祿閻先生榮獲二零零五年度傑出董事獎。二零零五年度傑出董事獎由香港董事學會及六十六個項目合作夥伴發起，並由香港特別行政區政府財經事務及庫務局、證券及期貨事務監察委員會及香港交易及結算有限公司協辦。該獎項表揚得獎者在卓越公司管治方面作出之努力和對提高香港公司管治標準之貢獻。