

# Management Discussion and Analysis

## 管理層討論及分析

### RESULTS OF OPERATION

For the nine months ended 31 December 2005, the turnover of the Group and the profit attributable to equity holders of the Company were HK\$532 million and HK\$87 million respectively. For the full year results for last year ended 31 March 2005, the turnover of the Group was HK\$942 million and the profit attributable to equity holders of the Company was HK\$134 million. The respective earnings per share for the current 9 months period and the last full year were HK10.6 cents and HK16.2 cents.

The current results only covered nine months ended 31 December 2005, this together with the disposal of a major subsidiary in October 2004, contributed to the drop in turnover. Accordingly, the distribution costs and administrative expenses for the period were also decreased by 73.6% and 45.2% to HK\$23 million and HK\$60 million respectively. When compared with the corresponding period last year, profit attributable to equity holders of the Company, excluding the gain on disposal of subsidiaries in last year, showed a slight decrease of 1.7%.

The United States market continued to be the largest market for the Group's products. Sales to the United States constituted 69.5% of the Group turnover compared with 77.8% in last year. Sales to Europe amounted to 24.6% compared with 18.9% in last year. Other market collectively accounted for 5.9% compared to 3.3% in last year. The Group will focus on developing the European market, targeting to narrow down the sales volume gap between the United States and European market.

### 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 equity of the Group as at 31 December 2005 was HK\$475 million (31.3.2005: HK\$452 million).

### 經營業績

截至2005年12月31日止9個月，本集團營業額及本公司權益持有人應佔溢利分別為531,965,000港元及87,297,000港元，而去年截至2005年3月31日止之全年營業額及本公司權益持有人應佔溢利分別為942,045,000港元及133,586,000港元。本期9個月之每股盈利為10.6港仙，上年度全年為16.2港仙。

由於本期之業績涵蓋截至2005年12月31日止9個月，加上在2004年10月出售了一間主要附屬公司，致使營業額下跌。據此，期內銷售費用及行政費用亦分別下跌73.6%及45.2%至23,000,000港元及60,000,000港元。若以去年同期9個月比較，在撇除了去年出售附屬公司之收益後，本公司權益持有人應佔溢利輕微下跌1.7%。

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69.5%，上年度為77.8%；銷售往歐洲佔24.6%，上年度為18.9%；其他市場共佔5.9%，上年度為3.3%。本集團將致力開拓歐洲市場，將銷往美國市場與歐洲市場之銷售差距縮窄。

### 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2005年12月31日，本集團之權益總額為475,000,000港元(31.3.2005：452,000,000港元)。

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The Group maintains a very strong financial position with a very low level of debts and a high liquidity. The Group's current ratio as at 31 December 2005 was 4.7 (31.3.2005: 5.5) and maintained a zero (31.3.2005: zero) net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity).

The Group had a net cash surplus of HK\$235 million (31.3.2005: HK\$201 million) and most of the cash balance was deposited in the leading banks in Hong Kong in either Hong Kong dollars or United States dollars.

Net cash inflow generated by operating activities totaled HK\$104 million (year ended 31.3.2005: HK\$143 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 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.

### HUMAN RESOURCES

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

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 December 2005, no option was granted under the scheme.

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2005年12月31日的流動資產比率為4.7 (31.3.2005 : 5.5)，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 (31.3.2005 : 零)。

本集團之淨現金盈餘為235,000,000港元 (31.3.2005 : 201,000,000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104,000,000港元 (31.3.2005止年度: 143,000,000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的需要。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。

### 人力資源

於2005年12月31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。

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2005年12月31日止，此計劃並無授出購股權。