

CHAIRMAN'S STATEMENT 主席報告

LING Siu Man, Simon
Chairman & Managing Director

凌少文
主席兼董事經理

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("the Board"), I am pleased to present the annual results of Tonic Industries Holdings Limited for the year ended 31 March 2006.

BUSINESS REVIEW AND OUTLOOK

For the Year under review, the Group achieved a revenue of approximately HK\$2,392 million. EBITDA and profit attributable to shareholders were HK\$117 million and HK\$19 million respectively, as compared with HK\$119 million (restated) and HK\$28 million (restated) last year.

During the Year, the Group diversified into high margin products including DVD recorders, portable DVD players, Global Positioning System (GPS), Digital Video Broadcast products (DVB) and cable set top boxes. The Group is committed to investing continuously in the research and development of new products including iPod and Xbox accessories, and various combos of DVD/VCR/DVD+RW/LCD-TV/CRT-TV, and new products will be launched in the coming year.

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二零零六年三月三十一日止年度的全年業績。

業務回顧及展望

本集團於回顧年度錄得營業額約2,392,000,000港元。未扣除利息、稅項、折舊及攤銷前的盈利及股東應佔溢利分別為117,000,000港元及19,000,000港元，去年則分別為119,000,000港元(重列)及28,000,000港元(重列)。

過去一年，本集團將業務分散至DVD錄影機、可攜式DVD播放機、全球定位系統(GPS)、數碼影像廣播產品(DVB)及有線電視機頂盒等邊際利潤較高的產品。本集團不斷致力投資於研發新產品，包括iPod及Xbox的配件，以及多款集DVD/VCR/DVD+RW/液晶顯示屏(LCD)電視/顯像管(CRT)電視功能於一身的產品，而新產品將於來年推出市場。

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The Group's cable set top box business in China matured in early 2006. China has been catching on fast with digital broadcasting since the country's State Administration for Radio Film and Television announced plans to migrate from the analog broadcast mode to the digital mode within the next few years. Analog service will be obsolete by 2015. Cable set top boxes are now sold at affordable prices and their sales are braced by their compatibility with the new advanced digital broadcasting system and pre-pay SIM card technology enabling new applications.

The expanded factory buildings in Shi Pai have provided the Group with extra production capacity. Labour cost and sub-contracting charges in Shi Pai are also relatively lower than other regions in Dongguan. The factory will be up to 50 – 60% utilised in 2006/07 and will reach full operation in few years.

The business of the Home Appliance Division performed well during the year and contributed a favourable margin to the Group. The Division accounted for approximately 10% of the Group's total revenue. The Japan and USA offices, which focused on the Group's own brand business, were closed during the year. The freed resources will be injected into the Group's OEM/ODM business in the coming years.

During the year under review, high interest rate squeezed the Group's margin and put pressure on our financial resources. In combat, the management will realign the Group's production facilities and find ways to reduce its reliance on external financial resources. It will plan investment in production meticulously.

2006 marked the 30th Anniversary of the Group. Since the Group started in 1976 as a consumer audio products manufacturer and trader, the Group has established a solid foundation and expanded its business horizons over the years. The anniversary is also a time to look forward and the Group has a comprehensive product road map which aim is to ensure sustainable growth and maintain the competitive advantages of the Group. With material costs stabilising and demand for digital products continuously increasing, we are optimistic about the future of our business.

本集團於中國的有線電視機頂盒業務已於二零零六年初漸見成熟。自國家廣播電影電視總局公佈於未來數年將由模擬廣播模式轉換至數碼模式的計劃後，中國一直緊貼數碼廣播的發展步伐。模擬式廣播服務將會於二零一五年前被淘汰。現時，有線電視機頂盒已以可負擔的價格出售，亦因其可兼容配備高新數碼廣播系統及嶄新預付智能卡技術，令銷售得到廣泛支持。

隨著位處石排鎮廠房大樓的擴展，本集團的產能得以提升。石排鎮的工人成本及加工費亦相對東莞其他地區為低。於二零零六／零七年度，廠房的使用率將達致50至60%，並預計將可於未來數年提升至十足營運。

年內，家用電器產品部門業務表現理想，為本集團帶來可觀的利潤。該部門佔本集團總收益約10%。專注本集團自有品牌的日本及美國辦事處已於年內關閉，騰出的資源將會於未來數年用於發展本集團的原設備製造／原設計製造業務。

於回顧年度，高息率削弱了本集團的利潤，並使本集團的財務資源受壓。為解決上述問題，管理層將重整本集團的生產設施，以及尋求方法降低對外部財政資源的依賴。本集團在規劃生產投資時，將會審慎行事。

於二零零六年，本集團步入創業30週年。回顧本集團於一九七六年創立，主要從事消費影音產品的生產及貿易，經過多年努力，本集團扎下了穩固根基，業務範圍亦大大擴展。在歡慶過往成就的同時，展望未來，集團的產品佈局完備，確保業務能持續增長，以及維持其競爭優勢。隨著原料成本漸趨穩定，加上數碼產品的需求不斷上升，本集團對業務前景感到樂觀。

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FINAL DIVIDEND

The Board of Directors recommended the payment of a final cash dividend of HK1 cent (year ended 31 March 2005: HK1 cent) per share.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18 September 2006 to 20 September 2006, both days inclusive, during which 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 15 September 2006.

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 co-operating with and supporting the Group, and to my fellow board members for their dedication to good governance of the Company. We will continue to improve the results of the Company and generate better returns for our shareholders.

On behalf of the Board

Ling Siu Man, Simon

Chairman & Managing Director

Hong Kong, 18 July 2006

末期股息

董事會建議派發末期現金股息每股1港仙(截至二零零五年三月三十一日止年度：1港仙)。

暫停辦理股東登記手續

本公司將於二零零六年九月十八日至二零零六年九月二十日(包括首尾兩日)暫停辦理股東登記手續，期間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二零零六年九月十五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，地址為香港皇后大道東28號金鐘匯中心26樓。

致謝

本人謹代表本集團衷心感謝員工的貢獻及辛勤工作，以及客戶及業務夥伴一直以來與本集團通力合作及予集團的支持。本人亦就董事會成員盡心監管本公司深表謝意。集團將繼續改善與公司業績，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，二零零六年七月十八日

