

管理層討論及分析 Management Discussion and Analysis



營商環境

內地的製造成本在漸漸上升，加上人民幣升值，集團會一如過往般繼續努力控制成本，提升效率。另一方面，集團一向重視人才資本，故將持續增強內地的科研隊伍，以期提升集團的科研和產品開發技能，而隨著集團總部遷往香港科學園，將可以連結更多的科技合作夥伴。

財務檢討

集團全年收入錄得約1,491,000,000港元，相對去年同期約1,310,000,000港元增加了14%。於本年內掌上電子產品及原件設計生產業務的收入分別為約851,000,000港元及約640,000,000港元。

BUSINESS ENVIRONMENT

The production cost on the mainland has been escalating. Moreover, Reminbi has been appreciating. The Group will keep up its usual work in containing the production cost and improving the operating efficiency. On the other hand, the Group always treasures talents. It will continue strengthening its research and development workforce on the mainland so as enhance the Group's research and product development capabilities. With its headquarters moved to Hong Kong Science Park, it is expected that more alliance with strategic technological partners may be forged.

FINANCIAL REVIEW

Revenue of the financial year is approximately HK\$1,491 million, which is 14% higher than approximately HK\$1,310 million of the previous year. During the year under review, electronic handheld products business and original design manufacturing business recorded revenues of approximately HK\$851 million and approximately HK\$640 million respectively.

管理層討論及分析（續）

Management Discussion and Analysis (Cont'd)

財務檢討（續）

集團全年經營溢利合共約72,000,000港元，較去年增加約3,000,000港元，或4%。扣除融資成本約1,100,000港元及非經常性收益項目合共約5,000,000港元（二零零五年：融資成本約1,500,000港元及一非經常性虧損項目約5,000,000港元）後，稅前溢利為約76,000,000港元（二零零五年：約63,000,000港元），較去年增加約13,000,000港元，或21%。計算所得稅支出後，本年度溢利較去年減少約9,000,000港元，至約54,000,000港元。

資產負債表方面，存貨減少約8,000,000港元至約181,000,000港元。應收貿易賬款增加約97,000,000港元至約183,000,000港元。應收貿易賬款之改變乃於資產負債表日並沒有有追索權之貼現票據（二零零五年：約95,000,000港元）所致。

於資產負債表日，銀行結餘及現金（包括銀行存款）為約248,000,000港元，淨現金結餘（即銀行存款餘額扣除銀行借貸）為約247,000,000港元，較去年約246,000,000港元增加1%。

總銀行借貸為約1,000,000港元。所有銀行借貸均為短期借貸，將於一年內到期。所有銀行借貸利息均按浮動利率計算。管理層將繼續致力與往來銀行維持密切關係，以確保其對集團的長期支持。

與去年比較，集團的資產負債表較去年更為穩健，為集團的長遠業務發展奠定強而穩固的基礎。

FINANCIAL REVIEW (Continued)

Operating profit for the year is approximately HK\$72 million, representing an increase of approximately HK\$3 million or 4%. After charging finance costs of approximately HK\$1.1 million and exceptional gain items of approximately HK\$5 million in total (2005: finance costs of approximately HK\$1.5 million and an exceptional loss item of approximately HK\$5 million), profit before tax is approximately HK\$76 million (2005: approximately HK\$63 million), representing an increase of approximately HK\$13 million or 21%. After taking into account the taxation expenses, profit for the year is approximately HK\$54 million, representing a decrease of approximately HK\$9 million.

On the balance sheet side, inventories have decreased by approximately HK\$8 million to become approximately HK\$181 million and trade receivables increased by approximately HK\$97 million to approximately HK\$183 million. The change in trade receivables is due to that no undertaking on bills discounted with recourse (2005: approximately HK\$95 million) has been done at the balance sheet date.

Bank balances and cash (including bank deposits) at the end of balance sheet date amounted to approximately HK\$248 million. Net cash (i.e. after deducting bank borrowings from balances of bank deposits) was approximately HK\$247 million, which was 1% higher than approximately HK\$246 million of the previous year.

Total bank borrowings amounted to approximately HK\$1 million. All the bank borrowings were short term borrowings which were to be due within a year. All bank borrowings were on floating rate basis. The management continues to maintain a very close working relationship with the Group's bankers to secure their continual support.

It is noteworthy that the balance sheet of the Group is getting healthier as compared with previous year and sets a strong and solid foundation for future business growth.

管理層討論及分析(續)

Management Discussion and Analysis (Cont'd)

流動資金及財務資源

集團於二零零六年三月三十一日的銀行結餘及現金(包括銀行存款)總額為約248,000,000港元, 相比十二個月前減少了約34,000,000港元, 亦即12%。同期的總銀行借貸則由約37,000,000港元下跌至約1,000,000港元。

集團所有的銀行借貸是屬於一年內到期的短期借貸。

於二零零六年三月三十一日, 集團的負債比率, 即總銀行借貸除以股東權益總數, 由十二個月前的6%減少至0%, 相應地, 期內的利息支出亦由十二個月前的約1,500,000港元減少至約1,100,000港元。

出售物業及資產抵押

集團於是年度內出售位於香港灣仔皇后大道東213號胡忠大廈27樓之物業。出售之理由包括集團擬搬遷其總部、物色具更高回報之投資機會及增加營運資金。出售之所得款項淨額為約106,000,000港元。

或然負債

於二零零六年三月三十一日, 集團並沒有有追索權貼現票據(二零零五年: 約95,000,000港元)。

外匯及財務政策

集團的大部份商業交易、資產及負債, 皆以港元、美元或人民幣計值, 只有一少部份原材料採購交易以日元計值。集團一向採納謹慎的財務政策, 小心控制外匯風險, 亦沒有進行任何利率或外匯的投機活動。

LIQUIDITY AND FINANCIAL RESOURCES

On 31st March, 2006, the bank balances and cash (including bank deposits) were approximately HK\$248 million in total, which was approximately HK\$34 million or 12% lower than that at 31st March, 2005. Total bank borrowings have decreased from approximately HK\$37 million to approximately HK\$1 million in the twelve months' period.

All bank borrowings are short term in nature which would be due within one year.

As at 31st March, 2006, the gearing ratio, defined as total bank borrowings divided by shareholders' equities, has decreased from 6% to 0% in the twelve months' period. As a result, the interest expenses in the twelve months' period have reduced from approximately HK\$1.5 million to approximately HK\$1.1 million.

DISPOSAL OF PROPERTIES AND CHARGES ON ASSETS

During the year, the Group has disposed the property located at 27th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. The reasons for the disposal were that the Group was to relocate its headquarters office, to seek better investment opportunities with higher returns, and to increase its working capital. The net proceeds from the disposal were approximately HK\$106 million.

CONTINGENT LIABILITIES

As at 31st March, 2006, there was no trade bills discounted with recourse (2005: approximately HK\$95 million).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars or Renminbi. A small portion of the Group's raw material purchase is denominated in Japanese Yen. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact to the Group. The Group does not engage in any interest rate or currencies speculations.

管理層討論及分析(續)

Management Discussion and Analysis (Cont'd)



電子辭典

業務回顧

相比去年同期，本SBU於二零零五／二零零六年財政年度內之銷售收入，錄得可觀增幅，香港及海外主要市場銷售收入的顯著增長，反映了本SBU以往的發展策略正確，是集中投放發展資源及科研投資於中、高檔次產品的直接成果。

在過去一年，香港及海外主要市場的銷售成績在穩定增長中，本SBU的新產品具備豐富的學習內容，並兼具多樣娛樂功能，被市場廣為接受，而中英、英中雙向全句翻譯電子辭典，為本SBU增添了市場佔有率。

銷售渠道的多元化，亦為過往一年之銷售收入增長帶來貢獻，除了在零售商店銷售外，在一些海外市場，本SBU亦投放更多資源於網上購物及電視直銷方面促銷產品。

去年中國內地市場的銷售收入仍沒有多大改善，激烈的減價促銷競爭手法，在內地市場依然盛行，致令銷售收入不前，而平均之毛利率仍舊處於較低之水平。

ELECTRONIC DICTIONARY Review

In the financial year 2005-2006, the SBU has recorded considerable increase in sales revenue comparing with the last fiscal year. The significant revenue growth in Hong Kong and major overseas markets is the direct result of the SBU's appropriate strategy of focusing its development efforts and technological investment in medium and high end product.

The sales in Hong Kong and major overseas markets have been growing steadily in the past year. The SBU's new products, which are equipped with rich learning contents as well as wide-ranged entertainment functions, have been well received by the markets. English-Chinese and Chinese-English bi-directional full-sentence translation dictionary has contributed to the SBU's increasing market share.

Diversification on sales channel has also contributed to the sales revenue growth last year. Besides selling the SBU's products through retail stores, the SBU has invested more resources on promoting its products via online shopping and TV direct sales in some overseas markets.

There has been little improvement on sales revenue as generated in the Mainland China market last year. Fierce price competition has been prevailing on the mainland. This led to little growth momentum in sales and the average gross profit margin kept hovering at a low level.

管理層討論及分析（續）

Management Discussion and Analysis (Cont'd)

電子辭典（續）

展望

儘管電子辭典市場競爭日趨激烈，但憑藉集團廣為人知之優良品牌，及在中國、香港和亞洲市場之完善銷售渠道，本SBU相信依然可以取得良好之業務表現的。

物料價格及勞工成本有顯著的上升壓力，然而，憑藉與零件供應商建立強健的策略夥伴關係，及持續致力於成本控制，本SBU對維持來年的經營毛利率抱有樂觀態度。

本SBU將繼續專注發展中、高檔次產品，並賦以更創新設計、更佳功能、更豐富之學習內容，及更先進之翻譯科技。而互動學習概念將會是本SBU新產品的主要設計元素之一，相信新產品將可在二零零六／二零零七年財政年度為本SBU帶來良好之銷售收入，及合理之利潤。

與此同時，集團會投放更多資源於科研上，以開拓更多新業務，並致力與外間科技團體及零部件供應商建立強健的策略性夥伴關係，以獨特科技為集團開發更多優質產品。

面對內地市場眾多不明朗因素，及日趨激烈而不穩定的經營環境，本SBU會緊密的審視內地市場變化，並制定較為謹慎的投資及市場推廣計劃，同時，亦會致力簡化內部運作，以增加營運效率，控制分銷及銷售成本。本SBU會專注發展高增值產品，以維持集團在市場上的領先地位。

ELECTRONIC DICTIONARY (Continued)

Outlook

Despite that the competition in the electronic dictionary market is getting more intense, the SBU believes that with the Group's well-established brand name and distribution networks in China, Hong Kong and Asian markets, the SBU could still manage to command a good business prospect in the future.

There has been significant upward pressure on the material and labor costs. Nevertheless, through strong strategic partnership with the components vendors and continuous efforts in containing the costs, the SBU is optimistic that its gross profit margin can be sustained in the financial year 2006-2007.

The SBU continues to focus on developing medium and high end products with more innovative designs, better functional features, richer learning contents and leading translation technology. The interactive learning concept will be one of the key elements in designing the SBU's new products. It is believed that these new products will bring in favorable sales revenue and reasonable profit margin in the financial year 2006-2007.

Meanwhile, the Group will invest more resources in research and development in exploring new business lines, and strive for strong partnership with external technology parties and components suppliers, with an aim to developing unique technology for new products.

Faced with various uncertainties and increasingly competitive and unstable business environment on the mainland market, the SBU will scrutinize the market closely and adopt a conservative strategy in its investment and promotion plans. At the same time, the SBU will strive to simplify the operations so as to enhance the operational efficiency and better control the distribution and sales costs. The SBU will also focus on developing high value-added products to maintain the Group's leading position in the market.

管理層討論及分析(續)

Management Discussion and Analysis (Cont'd)



原件設計生產

業務回顧

主要日本客戶業務於過去數年的穩定增長一向是本SBU快速增長的最大推動力，然而在過去一年，該等日本客戶業務的增長漸趨放緩，致令本SBU的銷售收入無可避免的受到影響。幸而在本SBU上下的不懈努力下，在最短時日內推出各種新產品，並成功控制成本開支，遂能在這激烈的競爭環境下，仍保持良好的競爭優勢，並與主要客戶維持穩定的業務及良好之關係。

本SBU在過往一年為發展新業務建立穩健基礎，設計新產品、投入科研、及與新客戶建立策略性夥伴關係，均為開拓新的具潛力業務做好準備。

於去年，本SBU的銷售收入表現平穩，另一方面，本SBU的科研隊伍人數增加了30%，尤其增強了軟件程式編寫之人手，以致力開發新系列的產品，管理層相信這是個長期投資，對推展未來新的特定產品系列，及發展新的原件設計生產業務，尤為重要。

ORIGINAL DESIGN MANUFACTURING Review

The business growth of the SBU's key Japanese customers had been the driving force for the SBU's rapid growth in the past years. As these customers' business growth has slowed down last year, the SBU's growth in sales revenue has invariably been affected. However, due to the SBU's ceaseless efforts in developing new products within the shortest market lead time, and in containing costs, the SBU has managed to keep its competitive position in such a highly competitive market and maintained a stable business and good relationship with its major customers.

The SBU has spent more than a year in building up the foundation for new business. Planning for new products, engaging in research and development, and fostering business partnership with new customers have been paving way for potential new business.

The sales revenue has remained stable last year. On the other hand, the SBU has enlarged its engineering team by over 30% for developing series of new products, in particular, strengthening the capability and capacity of the software development team. This is a long term investment which the management believes will set the stage for growth in the newly selected product categories, and the new ODM business under development.

管理層討論及分析（續）

Management Discussion and Analysis (Cont'd)

原件設計生產（續）

展望

本SBU繼續致力推動業務增長，以擴大服務範圍，為客戶提供產品設計及軟件開發等服務，維持現有原件設計生產業務的穩定增長，與此同時，積極尋找新的發展商機。

在研發中之新產品類別，主要是針對全球市場而具備無線通訊及播放數碼內容功能之新產品，日本市場方面，則是主力推出新的原件設計生產產品。新的業務預計在二零零六／二零零七年財政年度帶來成果，並期望會進一步發展而成為本SBU的另一主要業務，在未來數年更可為本SBU帶來可觀的收益增長。

隨著我們的科研隊伍在過去數年不斷擴張，本SBU的銷售及產品拓展能力，將繼續增強，配合預計在二零零六／二零零七年財政年度內組成的海外部門，將可推動新的業務發展。

ORIGINAL DESIGN MANUFACTURING
(Continued)

Outlook

The SBU continues its utmost efforts in sustaining stable growth in the existing ODM business through enlarging its service scope and covering areas such as product planning or software development, while at the same time, eyeing on new business development opportunities.

New product categories under development are those featured with wireless communication and electronic content players targeting the global market, and also new ODM products for the Japanese market. The impact of this new business is expected to be felt in the second half of the financial year 2006-2007, and the new business is expected to grow and form another major business of the SBU. It has the potential in boosting the SBU's sales in the coming years.

With the continual expansion of the SBU's engineering team in the past years, the SBU is well equipped with strong marketing and product development capability. Its overseas branch which is expected to be formed within this fiscal year will lend strong support to the new business development.

管理層討論及分析(續)

Management Discussion and Analysis (Cont'd)



智能手機

業務回顧

於上一財政年度，本SBU的經營收入主要來自智能手機業務，然而因為Palmsource, Inc停止Palm OS 6.1版本的開發，令以Palm OS 6.1版本開發的新產品被迫終止，但以Palm OS 5.4版本操作的智能手機仍繼續在市場銷售，因而影響了全年收入。與此同時，本SBU亦使用另一新的操作系統，開發以JAVA應用程式為主的手機，新產品已到了最後測試階段，將在二零零六／二零零七年財政年度內推出。

除智能手機外，本SBU亦積極開發其它手提通訊產品。其中GPS產品已於二零零六年三月份投產，在二零零六／二零零七年財政年度第一季開始付運。此外，本SBU也開發利用WiFi網絡作為語音及數據通訊的手提產品，期望令未來的產品更趨多元化。

SMARTPHONE

Review

In the past financial year, the SBU's operating income derived mainly from the smartphone business. However, as Palmsource, Inc stopped developing Palm OS version 6.1, the SBU was forced to stop launching new products which operated on Palm OS version 6.1 though the smartphone products operating on Palm OS version 5.4 are still available for sale in the market. This has negative impact on the yearly revenue. The SBU has also used another new operating system, and adopted Java application for its future smartphone products. The new smartphone products have reached the final stage of testing and will be launched within the financial year 2006-2007.

Besides smartphone, the SBU also aggressively develops other handheld communication products. One of these is the GPS product which has already been under production in March 2006, and been shipped to customers in first quarter of the financial year 2006-2007. Also, to diversify the product range, the SBU develops other handheld products which use WiFi network for data and voice communication.



管理層討論及分析（續）

Management Discussion and Analysis (Cont'd)

智能手機（續）

展望

GPS產品將會是本SBU來年的一項主要業務。新產品在二零零六／二零零七年財政年度第一季開始付運，主要市場為歐美等國家，本SBU亦會繼續開發其他新的產品及市場。GPS技術除了被廣泛應用於汽車導航之上，還可以發展為其它與定位技術有關的產品，具很大的發展潛力。

至於智能手機業務方面，今年會主力推出JAVA智能手機。利用JAVA語言編寫程式的最大好處，是具跨平台和普及性。現時世界上已有很多JAVA應用程式及第三方開發商，故此大大增加了本SBU設計智能手機的靈活性，可以因應不同用戶的需求而設計新的產品。

隨著WiFi網絡的普及，及數碼廣播的來臨，預計將有更多手提產品利用不同的通訊網絡，為用戶帶來即時的資訊及娛樂。本SBU亦會開發相關的手提通訊產品，相信可以為未來業務帶來增長。

SMARTPHONE (Continued)

Outlook

In the coming year, GPS products will be one of the SBU's mainstream businesses. New products have been shipped out in first quarter of the financial year 2006-2007, targeting mainly the European and United States markets. The SBU will continue its efforts in developing new products and exploring new markets. Besides widely used as car's navigation function, GPS technology has also been applied on many other positioning products, and thus has a large room for future development.

As to the smartphone business, the SBU will focus on launching JAVA smartphone this year. The biggest advantage of writing software programmes using JAVA language is that it is used in many operating platforms and thus more universally adopted. Nowadays, there are many JAVA application software programmes and third parties software developers. This highly increases the SBU's flexibility in designing new smartphone products, and enables the SBU to cater for different customer needs accordingly.

As WiFi network is getting more popularized, and with the advent of digital broadcasting, it is expected that more and more handheld products will emerge which, through different communication networks, could bring to end-users instant information and entertainment. The SBU continues to explore and develop these kinds of handheld communication products and believes that this will become a growth spot of the SBU's business.

管理層討論及分析（續）

Management Discussion and Analysis (Cont'd)

員工關係

於二零零六年三月三十一日，集團於香港聘有 258 名僱員（二零零五年：266 名），於中國大陸聘有 4,269 名僱員（二零零五年：4,118 名），相比去年同期數字，兩地區分別減少約 3% 及增長約 3.7%。除薪酬及一般員工福利例如有薪年假、醫療保險及公積金外，集團亦為執行董事及高級職員提供股份獎勵計劃。

在每年的財政年度開始及年度中間，集團管理層均會舉行策劃大會，讓高級管理人員及管理層共同檢討集團往績，並討論來年之計劃、政策及發展路向；在集團業績公佈後亦會舉行員工交流大會，讓全體員工更了解集團的狀況，促進管理層與員工之間的雙向溝通。利用內聯網站之「權智短訊」、權智報及電郵等溝通途徑，管理層可以向各階層員工發放公司之資訊，而員工之間亦可以相互分享資料訊息及工作經驗。集團鼓勵員工踴躍表達意見及觀感，並提出各方面建議。集團亦會定期推行員工意見調查，以協助管理層了解員工所關注之事宜，以便採取適當行動予以改進。集團會定期選出多位經理級員工與集團主席共晉午膳，讓員工能有機會直接與公司高層對話，增加彼此的互信及了解。集團有良好的晉升制度，可以發掘具潛質之員工，並幫助員工的事業發展。

EMPLOYEES RELATIONS

As at 31st March, 2006, the Group has on its payroll 258 (2005: 266) employees in Hong Kong and 4,269 (2005: 4,118) employees in the Mainland China, representing a decrease of about 3% and an increase of about 3.7% respectively as compared with prior year. In addition to salary remuneration and usual fringe benefits such as annual leave, medical insurance and provident fund, the Group also provides Share Incentive Plans for executive directors and senior staff.

At the beginning and in the interim of every financial year, the Group's management holds Planning Meetings with its senior staff to review together the Group's past performance, as well as to discuss with them the Group's future strategic plans, policies and developments. After publication of the Group's results announcement, staff communication sessions are held to keep employees abreast of the Group's developments and also to facilitate two-way dialogue between the management and all level of employees. The management actively communicates with employees by means of "GSL SMS" through intranet, staff newsletters and emails to ensure free flow of information across different staff levels and to promote information and experience sharing. All staff are encouraged to express their views and feelings and to propose suggestions on different aspects. Employee satisfaction surveys are conducted regularly to help the senior management gauge various concerns of the staff and formulate appropriate solutions accordingly. A team of managerial staff is elected regularly to have a lunch gathering with the Group's chairman. This provides the staff an opportunity to engage in direct dialogue with the senior management and strengthens mutual trust and understanding. A good promotion system is in place to identify the potential staff and help employees prepare for their career prospects.

管理層討論及分析 (續)

Management Discussion and Analysis (Cont'd)

員工關係 (續)

集團有聘請專業顧問，為中層管理人員提供培訓，提升他們的問題分析及處理技巧、溝通協調技巧及團隊精神的締造力。集團亦經常鼓勵員工報讀外間的進修課程，以增進知識及提升工作能力。此外，若集團認為有適合的課程，亦會安排員工參加，課程費用全部由集團負責。員工也可透過集團之「教育資助計劃」申請修讀由其他機構舉辦之培訓課程，獲取全部或部份費用之資助。

ISO9001及ISO14001

集團已於二零零零年成功合併ISO9001品質管理系統及ISO14001環境管理系統，以加強行政效率。獨立審核員定期進行現場審核，以確保集團符合規定標準，並有持續改善。集團亦組織內部審核員定期進行審核。集團已提升環境管理系統至符合新的ISO14001: 2004標準。

EMPLOYEES RELATIONS (Continued)

The Group has appointed a number of professional training consultants to run workshops for improving mid-level management executives' problem solving skills, communication skills and team spirit building technique. Moreover, employees are encouraged to take outside programmes to acquire additional knowledge and upgrade their skills. Staff may be nominated for attending selected training schemes with full sponsorship. Employees who are interested in other unselected courses may still apply for the full or partial subsidies through the Group's Education Subsidizing Scheme.

ISO9001 AND ISO14001

In order to enhance the administrative efficiency, the ISO9001 Quality Management System and ISO14001 Environmental Management System have been combined since 2000. On-site surveillance assessment is conducted regularly by independent assessors to ensure compliance and continual improvement. Internal audit teams have been organised to perform compliance audit on an on-going basis. The Group has upgraded the environmental management system to attain the new ISO14001: 2004 standard.