

# Management Discussion and Analysis

## 管理層討論及分析

### LIQUIDITY AND FINANCIAL RESOURCES

At the end of December 2006, the consolidated indebtedness of the Group, including long-term borrowings of HK\$12,173,000, was HK\$85,799,000. The borrowings are denominated in Hong Kong dollars and Renminbi. The bank balances and cash amounted to HK\$14,049,000.

At the end of December 2006, the Group's trade receivables balance was HK\$109,375,000, representing 24.9% of the year's turnover of HK\$439,352,000. The Group adopted a stringent credit policy to minimize credit risk. The interest cover was 6.9 times as compared to 8.8 times in 2005.

### CAPITAL STRUCTURE

As at 31st December 2006, the consolidated shareholders' equity of the Group was HK\$187,342,000, an increase of 13.4% over that of the previous year. The debt to equity ratio, calculated by dividing total liabilities to shareholders' equity, was approximately 79.9%.

### CAPITAL EXPENDITURE AND MATERIAL ACQUISITIONS

During the year under review, capital expenditure were made in the construction of new facilities at Shi Yan District, Shenzhen (approximate to HK\$5,000,000), expansion of production capacity (approximate to HK\$4,000,000) and the purchase of a pleasure boat (approximate to HK\$14,000,000).

### PLEDGE OF ASSETS

As at 31st December 2006, the Group's banking facilities amounting to approximately HK\$120,384,000 were secured by legal charges over certain leasehold land and land use rights and buildings and investment property of the Group with a total net book value of HK\$35,870,000.

### 流動資金及財務資源

於二零零六年十二月底，本集團之借貸為85,799,000港元，其中12,173,000港元為長期借貸。所有借貸均以港元及人民幣為單位。現金及銀行存款達14,049,000港元。

於二零零六年十二月底，本集團之應收賬款結餘為109,375,000港元，佔年度營業額439,352,000港元之24.9%。本集團採納嚴謹之信貸政策，以盡量減低信貸風險。盈利對利息倍數為6.9倍，二零零五年則為8.8倍。

### 股本結構

於二零零六年十二月三十一日，本集團之綜合股東資金為187,342,000港元，較去年上升13.4%。負債對資本比率（以負債總額除以股東資金計算）約為79.9%。

### 資本開支及重大收購

於回顧年度，資本開支為建造深圳石岩新廠房（約5,000,000港元），擴展生產力（約4,000,000港元）及購置遊艇（約14,000,000港元）。

### 抵押資產

於二零零六年十二月三十一日，本集團約有120,384,000港元之銀行信貸乃以本集團若干租賃土地及土地使用權及樓宇及投資物業之法定抵押。該等土地及樓宇及投資物業之總賬面值淨值共35,870,000港元。

### SEGMENT INFORMATION

During the year under review, Hong Kong and America continued to be the Group's major markets, accounting for approximately 49% and 27% of the Group's total sales respectively. Sales to Mainland China increased from approximately 8% in 2005 to approximately 15% in 2006. The remaining 9% of sales were generated from customers located in Other Asian Countries, Europe and South Africa.

### EMPLOYEES' REMUNERATION POLICY

As at 31st December 2006, the Group employed approximately 1,900 full time management, administrative and production staff worldwide. The Group follows market practice on remuneration packages. Employee's remuneration is reviewed and determined by senior management annually depending on the employee's performance, experience and industry practice. The Group invests in its human capital, apart from providing on job training for workers, the Group reimburses its staff for fees paid to attend pre-approved professional trainings.

### FOREIGN EXCHANGE EXPOSURE

Since most of the transactions of the Group were denominated in US dollars or HK dollars, HK dollars are linked to US dollars, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year.

### CONTINGENT LIABILITIES

As at 31st December 2006, the Group did not have any material contingent liabilities.

### 分部資料

回顧期內，香港及美國依舊是本集團的主要銷售市場，分別佔本集團營業額約49%及27%。中國大陸市場的銷售明顯上升，由二零零五年約8%增加至二零零六年約15%。其他亞洲國家、歐洲及南非地區的客戶則佔本集團餘下的營業額約9%。

### 僱員薪酬政策

於二零零六年十二月三十一日，本集團在全球僱用約1,900名全職之管理、行政及生產人員。本集團之薪酬組合乃按市場常規而定。高級管理人員依僱員表現、經驗及業內常規，每年檢討及釐定僱員薪酬。本集團對人力資源作出投資，除為員工提供在職培訓外，亦會償付僱員參加事前已獲批准之專業培訓。

### 匯率風險

由於本集團大部份交易以美元或港元為單位，港元與美元掛鈎，本集團之營運或流動資金並無因回顧年度之貨幣匯率波動而陷入重大困境或受到影響。

### 或然負債

於二零零六年十二月三十一日，本集團並無重大或然負債。