

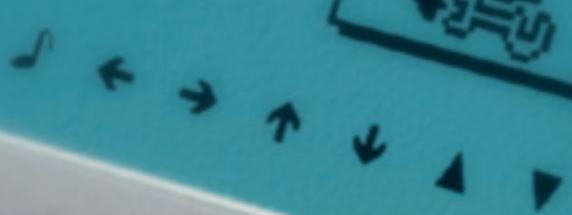


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管理層研究及分析  
Management Discussion & Analysis

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# 管理層研究及分析

## Management Discussion & Analysis

### 概覽

電子產品的營商環境在二零零零／零一財政年度出現了不少不利因素。由於多種關鍵電子零件的市場需求大幅飆升，供應變得緊張，因此隨即導致供應短缺，而價格也因而上漲。在供應短缺高峰期，部份關鍵電子零件的價格上升竟達150%。雖然管理層已盡力減低這些因素對營運的影響，邊際利潤及生產效率無可避免受到削弱。

傳呼機市場在過去一年經歷了一個十分激烈的整固過程。低檔市場變成一個單以售價為銷售因素的商品市場，小型生產商及中間商均大幅割價。集團在年中決定撤出低檔市場，並以成本價，甚或低於成本價出售存貨，以求清減積壓的存貨。雖然集團產品在高檔市場的市場佔有率及盈利仍有可為，但管理層已決定淡出傳呼機業務。二零零零／零一年度的業績中，已為存貨及應收賬作出特殊撥備。

除上述兩點外，香港市場在過去一年的表現也強差人意。香港地區的營業額由一九九九／二零零零年度的約268,604,000港元下降至去年的約123,333,000港元，跌幅約54%。過去一年，集團的其中一家主要零售連鎖店客戶「東京玩具貿易集團」進行清盤，造成一筆約12,064,000港元的壞賬。

集團二零零零／零一年度的營業額為約1,612,622,000港元，比對前年度的約1,405,942,000港元，增長14.7%；股東應佔虧損約270,139,000港元，主要是因兩個業務部門的營運虧損及為傳呼機部門所作的特殊撥備引致。

管理層已採取一系列業務重組計劃，以整固集團業務，致力改善盈利表現。

### OVERVIEW

The business environment for electronic products had seen many unfavourable factors during the financial year under review. Because of the extraordinarily high demand for several critical electronic components, the supply became very tight and precious. The immediate result of a supply shortage was insufficient allocation and price increases. At the peak of this shortage situation, the prices of certain critical components have increased by as much as 150%. Despite the effort of the management to minimize the adverse impact on the operation, profit margin and production efficiency had been inevitably affected.

The pagers market has gone through a vigorous consolidation process during the past year. The low-end market segment became a commodity market where price is the primary deciding factor of customers. Retail prices of pagers were severely undercut by small manufacturers and traders. The Group decided to exit the low-end market during the middle of the year and tried very hard to clear the slow-moving inventory by selling at cost or even below cost. Although the high-end market is still viable in terms of market share and profitability, the management has decided to phase out the entire pagers business. A special provision was made in the accounts to write down the value of inventory and accounts receivable at the year end.

Besides the above two reasons, the Hong Kong market significantly under-performed during the year. Sales in Hong Kong dropped by approximately 54% from HK\$268.6 million to HK\$123.3 million as compared to the prior year. During the year, one of the Group's major retail chain customers, namely Tokyo Toys Trading Group, went into liquidation and caused a bad debt of approximately HK\$12.1 million to the Group.

The Group recorded turnover growth of 14.7% from HK\$1,405.9 million to HK\$1,612.6 million for the financial year 2000/01. Loss attributable to shareholders is HK\$270.1 million, which is a result of operating losses from two business divisions and specific provision made for the pagers division.

The management has carried out a series of restructuring exercises to consolidate the business and to strive for a turnaround.

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

### 財務狀況

在全年總營業額約1,612,622,000港元之中，包括電子辭典(33.3%)，原件設計生產(26.6%)及個人數碼助理(「PDA」-16.3%)，三項持續經營業務共佔76.2%(即約1,228,193,000港元)，其餘兩項非持續經營業務共佔約384,429,000港元(23.8%)，包括傳呼機(22.2%)及充電性電池產品(1.6%)。比對一九九九/二零零零年度，除傳呼機業務營業額下降17.1%之外，以上各項業務的營業額均錄得增長。

集團除了將淡出傳呼機業務外，目前也正撤出充電性電池產品業務。有關的業務約在五年前開展，以集團佔六成股權的附屬公司「動量電子有限公司」(「動量電子」)經營，其主要業務是生產及銷售各種充電性電池產品，市場為香港、中國大陸及海外。由於涉及金額有限，「動量電子」的營業額以往歸納於需使用該類電池產品的電子辭典部門之下。管理層正考慮出售集團在「動量電子」的六成股權予佔四成股權的合營股東。

另一項正結束的，是並不產生營業額的足球隊贊助。集團由一九九一年開始在香港組織有一支專業足球隊，以宣傳及推廣集團的公司及產品品牌。隨著集團的市場重點轉移至中國大陸及本地足球觀眾不斷流失，管理層已決定在二零零零/零一年度球季結束後立即停止有關贊助，因此而節省的推廣經費將改為支持其他市場推廣及宣傳活動。

以上三項非持續經營業務均錄得經營虧損，傳呼機業務的經營虧損為約186,413,000港元，當中包括約91,268,000港元的銷售虧損，及為存貨及應收賬所

### FINANCIAL RESULTS

Among the total turnover of HK\$1,612.6 million, HK\$1,228.2 million, i.e. around 76.2% was contributed by three continuing business operations, namely electronic dictionaries (33.3%), ODM products (26.6%) and personal digital assistants ("PDAs" - 16.3%). The remaining HK\$384.4 million, i.e. around 23.8%, was derived from two discontinuing business operations, namely pagers (22.2%) and rechargeable battery products (1.6%). All of the above business divisions recorded growth in turnover during the year, except the pager division which recorded a drop of 17.1%.

Besides pagers business that is to be phased out, another business division that is also in the course of discontinuation is rechargeable battery products. This small business division was set up about five years ago and is operated under a 60% subsidiary company namely Max Power Electronics Limited ("Max Power"). The principal business of Max Power is manufacture and sales of different types of rechargeable battery products in Hong Kong, Mainland China and overseas. Its business turnover was previously grouped under electronic dictionary division, which was a user of the battery products, due to its immaterial amount. The management is considering to sell the Group's 60% interest in Max Power to the joint venture partner who holds the minority 40% shareholding.

Another discontinuing operation that generated no business turnover is the football team. The Group has been managing a professional football team in Hong Kong since 1991 for the purpose of promoting the Group's corporate logo and product trademarks. With the shift of the Group's market focus to Mainland China and the continual loss of local football audiences, the management has decided to terminate the sponsorship immediately after the end of the 2000/01 football season. The advertising budget that becomes available will be applied to other means of marketing and promotion activities.

All the three discontinuing operations generated operating loss. Pager division generated an operating loss of HK\$186.4 million, which includes trading loss of HK\$91.3 million and special write-down of inventory and accounts



# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

作的約95,145,000港元特殊撥備。「動量電子」及足球隊的經營虧損則分別為約7,999,000港元及約9,353,000港元。

在三項持續經營業務中，電子辭典及PDA分別錄得約5,326,000港元及約7,389,000港元的經營溢利，原件設計生產業務則錄得約35,018,000港元的經營虧損。各項持續及非持續經營業務的經營虧損及溢利總和為淨虧損約226,068,000港元，其中傳呼機業務佔82.4%。

除上述以外，集團也錄得約46,631,000港元的非關業務經營而產生的虧損，其中兩項主要項目是出售一項租約物業而產生的約17,778,000港元的虧損，及利息開支約12,912,000港元。其他項目包括與附屬公司及聯營公司有關的虧損，及為證券投資減值所作的撥備，合共虧損約15,941,000港元。因投資導致的虧損包括集團持有約7.4%股權的「博學堂網上書店有限公司」因進行清盤而引致集團損失約2,725,000港元。

由於因業務經營而產生的虧損約226,068,000港元，以及因非關業務經營而產生的虧損約46,631,000港元，稅前總虧損約272,699,000港元。董事會建議不派發末期股息。

### 電子零件短缺

如二零零零／零一年度中期業績所述，電子零件短缺是因市場上求過於供的直接結果。流動電話及個人電腦主要生產商的預期銷售額將關鍵零件的需求量推至高峰，而漸趨流行的電子產品如數碼相機及MP3數碼音樂播放機等，及半導體工業產量不足均令情況惡化。由二零零零年初開始，掩模型唯讀儲存器(Mask ROM)，記憶體(特別是快閃記憶體flash memory)及液晶體顯示器之驅動

receivable of HK\$95.1 million. The operating loss for Max Power and football team is HK\$8.0 million and HK\$9.4 million respectively.

Among the three continuing operations, electronic dictionaries and PDAs made operating profit of HK\$5.3 million and HK\$7.4 million respectively. ODM business, on the other hand, made a loss of HK\$35.0 million. The combined losses or profit arising from continuing and discontinuing business operations gave rise to a net total loss of HK\$226.1 million, of which 82.4% came from pagers business division.

The Group also suffered a total loss of HK\$46.6 million arising from indirect business operations. Two major items in this category are loss on disposal of leasehold properties amounted to HK\$17.8 million and interest expenses amounted to HK\$12.9 million. Other items, including certain losses related to subsidiaries and associated companies and provision for impairment in value of investment securities, accounted for the remainder loss of HK\$15.9 million. The loss arising from the liquidation of Chinese Books Cyberstore Limited, an internet bookstore in which the Group has held approximately 7.4% interest, amounted to HK\$2.7 million is part of the investment-related losses.

Loss before taxation, which is an aggregate of losses from direct operations of HK\$226.1 million and indirect operations of HK\$46.6 million, amounted to HK\$272.7 million. The directors do not recommend the payment of a final dividend.

### ELECTRONIC COMPONENTS SHORTAGE

As highlighted in the 2000/01 interim financial report, the shortage was a direct result of too many buyers chasing after too few supplies. The sales forecasts of major mobile phone and personal computer manufacturers have driven the demand of critical components to a new height. The increasingly popular electronic devices such as digital cameras, MP3 players, etc. and the general under-capacity of the semiconductor industry aggravated the situation. Starting from early 2000, the supply of Mask ROM, memory chips (especially flash memory) and LCD drivers became very scarce and prices surged significantly.

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

器均供應短缺，價格飆升。以 Mask ROM 及 flash memory 這兩種集團大量應用的零件為例，其價格於二零零零年中（即集團財政年度的第二季）上漲幅度分別達 112% 及 84%，並一直持續高企至二零零一年初（即集團財政年度的最後一季）。

由於這類電子零件是集團多項產品的主要零件，其價格高企直接削弱集團在所有業務的邊際利潤。電子零件短缺也令集團業務蒙受其他影響，包括取消訂單，貨運延誤及生產效率下降等。

電子零件價格高企的情況自本財政年度（二零零一／零二年度）初開始改善，預期本年度內將可回復至較合理及可接受的水平。一般而言，採購及生產周期約需八至十週，預期電子零件成本下降將在本財政年度第二至第三季開始對集團產生正面影響。

過去一年，管理層已採取不同措施，例如增加額外採購人手，擴闊供應來源，加強與供應商之間的關係等，以提高集團在採購議價及市場預測方面的能力。由於電子零件市場現已轉趨為對買家有利，預計曾對集團有極大負面影響的供應短缺問題將大致獲得解決。

### 成立策略性業務單位 (「SBU」)

因集團各部門的業務性質及營運環境各有不同，管理層根據四個主要業務範圍，將集團分為四個策略性業務單位 (SBU)，分別為電子辭典、策略性產品（原件設計生產／原件設備生產）、PDA 及傳呼機。各 SBU 由一名高級管理人員領導，其下包括研究及開發、採購、市場推廣及銷售和行政人員。除獨立營業目標及計劃外，各 SBU 亦須管理各自的

The prices of Mask ROM and flash memory, the two categories of components of which the Group has very large consumption, went up by as much as 112% and 84% respectively at around middle of year 2000, i.e. the Group's second financial quarter, and stayed on high levels until the first few months in year 2001, i.e. the Group's last financial quarter.

The high prices directly hurt the Group's gross margin in all business divisions, as these components are critical to almost all of the products. The shortage also brought several indirect impacts to the Group's business operation such as order cancellations, shipment delays and unsatisfactory production efficiency.

The price trends have been going down since the beginning of the current financial year (2001/02) and are expected to resume to more reasonable and sustainable levels throughout the year. With average purchase and production lead times of around eight to ten weeks, it is envisaged that the drop in component cost will start to benefit the Group in the second to third financial quarter of 2001/02.

Over the past year, the management has taken different measures, such as additional purchasing personnel, expansion of vendor list, more intensive supplier relationship management, etc., to enhance the Group's procurement capability in bargaining and market projection. Given the component market is now turning to be more favourable to buyers, it is envisaged that the shortage problems that had badly stricken the Group would be substantially recovered.

### ESTABLISHMENT OF STRATEGIC BUSINESS UNITS ("SBU")

In view of the distinctive business nature and operating environment of the business divisions, the management has divided the Group into four SBUs according to the four major business lines, namely Electronic Dictionary, Strategic Product (ODM/OEM), PDA and Pager. Each SBU is headed by a member of the senior management team and comprises of R&D, purchasing, marketing and sales and administrative staff. The SBUs are given the responsibility to achieve sales targets and forecast, manage their own income statements and balance

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

盈利及資產表現(如存貨與應收賬)及客戶關係。集團總部則維持其一般支援功能，包括管理，生產及後勤服務如人事行政，會計財務及資訊科技支援等。

集團於去年十一月開始成立SBU，並於二零零零／零一財政年度末完成，有關人手編制及電腦數據均已清楚劃分，集團寫字樓編配也因此重新安排。SBU的自主權比以前提高，商業決策故能更快作出，而員工的積極性也得以提升。此外，各SBU會定期舉行會議，確保集團目標一致及統籌某些作業環節，如大批量採購以享有優惠價格，為集團爭取更高的商務利益。

管理層相信，集團的營運效率及管理問責將因此得以大幅提高。

### 電子辭典 SBU

電子辭典業務的營業額為約536,626,000港元，增幅11.2%，主要增長動力來自中國大陸市場，佔電子辭典業務營業額近三成。在各項產品中，中文為主的產品仍佔營業額的最大份額，超過七成。過去一年，集團在市場推出多款新產品，例如朗文7000發聲辭典，LD7700真人發聲辭典，MD3200超薄發聲辭典，EC2100袋裝辭典等，所有型號的零售價均是中檔至低檔，約為人民幣三百元至一千二百元。這些產品完全配合集團的策略性計劃，主攻中低檔市場，以期擴大集團在該等市場的佔有率。但集團並未忽略高檔市場，嶄新型號MD9250配有集成電路卡(IC Card)雙插卡擴充功能，亦已於財政年度末推出市場。

無可致疑，中國大陸的電子辭典產品市場潛力優厚，有待開發。隨著

sheets and attend to SBU's customer relationship management. The corporate headquarters retains only the general supporting functions, i.e. general management, manufacturing and logistics, such as human resources, accounting and information technology services.

The SBU setup process started last November and was completed at the end of the financial year when the headcount and computer database were properly split among the units and the office premises re-arranged to this effect. The SBUs are charged with high degree of autonomy and hence quicker decision making and better staff commitment. Notwithstanding that, there are regular meetings among the SBUs to ensure the alignment of corporate objectives and a centralized coordinated effort to safeguard the commercial benefits arising from concerted actions, e.g. large volume purchase discount.

The management is confident that operational efficiency and management accountability of the Group could be much enhanced as a result.

### ELECTRONIC DICTIONARY SBU

The turnover of electronic dictionaries business grew by 11.2% to HK\$536.6 million. The major thrust of the growth came from the Mainland China market that contributed approximately 30% of total electronic dictionaries business. Chinese language-based products are still the largest single income contributor, over 70%, among all. During the year, there were several new products launched in the marketplace, such as Longman 7000 Talking Dictionary, LD7700 Real Voice Talking Dictionary, MD3200 Slim Talking Dictionary, EC2100 Pocket-sized Dictionary, etc. All these models are of mid-range to low-end the retail prices of which are in the range of RMB 300 to RMB 1,200. These new products perfectly fit into the Group's strategic plan to offer more products in the middle to lower range to enlarge the Group's market share in that sector. The high-end market segment, on the other hand, has not been neglected. A new model, MD9250, featuring double IC card expansion capability was introduced close to the end of the financial year.

Market potential in Mainland China for electronic dictionary products is undoubtedly huge and yet to exploit. The demand



# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)



具備嶄新功能的電子辭典，於香港、中國大陸及海外均深受歡迎。  
The Group's electronic dictionaries are very popular in Hong Kong, Mainland China and Overseas.

消費能力提高，快速經濟增長下對優質語文學習工具的需求日益上升，電子辭典的需求將進一步增加。集團將繼續善用其強而有效的市場推廣渠道及品牌，在大中華地區擴展其市場佔有率。

有關SBU在過去一年再次涉足南韓及馬來西亞市場。這兩個市場一如部份亞洲地區，兩三年前均受到亞洲金融風暴的嚴重影響，集團在當地的客戶（產品的入口商）都出現了財政困難。有關SBU在過去兩年作出極大努力，物色新客戶及為這些市場開發新產品。歐洲及中東市場相對較為平穩，但由於電子零件成本上升，邊際利潤無可避免受削。

有關SBU在財政年度內錄得輕微的經營溢利約5,326,000港元，因「東京玩具貿易集團」的清盤而造成約12,064,000港元的壞賬，是業績未如理想的原因之一。隨著零件成本的壓力得以舒緩，並有新產品陸續面世，預期今個財政年度（二零零一/零二年度）的業績將有改善。

for this kind of devices is expected to go up further because of increase in consumer spending and the genuine need for good language learning aids in light of the fast growing economic development. The Group will continue to leverage its strong marketing channels and branding in the Greater China region to expand the market share.

The SBU re-entered the marketplaces in South Korea and Malaysia during the year. These two markets, and also a few others, had been severely stricken by the Asian financial crisis two to three years ago and the Group's customers (importers of the products) in these countries had gone into financial difficulties. The SBU had spent considerable effort over the past two years in identifying new customers and developing new products for these markets. European and Middle East markets were relatively stable but profit margin had been inevitably squeezed because of rise in component cost.

The SBU made a small operating profit of HK\$5.3 million during the year. A bad debt in the amount of HK\$12.1 million written off against Tokyo Toys Trading Group is one of the contributing factors for such an unsatisfactory performance. It is envisaged that ease of component cost pressure and launch of new products will improve the result in financial year 2001/02.



# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

### 策略性產品 (原件設計生產 ／原件設備生產) SBU

有關 SBU 去年度的營業額為約 428,519,000 港元，增幅接近九成，增長主要來自不同日本客戶向集團委託生產新產品，如掌上電郵收發器、電子辭典、數碼錄音機及可攜式電子健康產品等。除日本客戶外，有關 SBU 於財政年度後期，獲得一家主要流動通訊器材生產商委託為其開發多媒體流動通訊產品。市場上有一個明顯趨勢，就是有相當多的世界級企業出於成本及時間的考慮，除生產工序外，也都希望可以將部份新產品的開發工作外判予海外原件設計生產商，相信集團在這方面佔有相當優勢，因為 SBU 累積的經驗非常豐富，而現有客戶的口碑亦十分良好。

因零件短缺而引起的成本及來貨脫期困擾，令 SBU 在財政年度內蒙受經營虧損。為此，SBU 實施了一系列的措施，以確保同樣的負面影響不會再發生，該等措施包括由委託客戶負責提供生產物料、合約定明 SBU 的邊際利潤得到保障、訂購物料時將訂購價固定等。此外，SBU 亦於過往九個月內加強了採購及生產能力，務求達至最具競爭力的生產成本。其中最值得一提的是生產部增設了先進的液晶體顯示屏模組的組裝設備，使生產成本下降而產品品質卻得以提升，令 SBU 與同區對手比較時勝人一籌。

在 SBU 成立以後，來自不同部門，包括科研、採購、生產及市場推廣等的同事，工作上的合作比以前更緊密。按不同客戶的不同需求，SBU 將同事編入不同的項目小組，與客戶的代表並肩完成工作。小組之間在不影響保密的情況下，分享工作知識及經驗，增進員工學習氣氛，亦提高了工作效率。在有需要

### STRATEGIC PRODUCT (ODM/OEM) SBU

Turnover of ODM/OEM division increased by almost 90% to HK\$428.5 million during the financial year. Many new projects from various Japanese customers including products like handheld e-mail devices, electronic dictionaries, digital voice recorders and portable electronic health care products contributed to increase in turnover. In addition to business with Japanese customers, towards the end of the financial year, the SBU was awarded a contract for development of multimedia mobile products by one of the leading companies in that field. It is becoming apparent that many world-class corporations are anxious to appoint capable ODM contractors overseas to take up, not only the manufacturing, but also new product development from them in the interest of cost and speed. The Group is in an advantageous position to gain a stronghold in this sector because of its abundant experience and good references provided by existing esteemed customers.

The SBU suffered an operating loss during the year mainly due to the component shortage that led to cost and delivery problems. The SBU has implemented a series of measures, e.g. consignment of material by customers, profit margin protection provisions in agreements, material cost locked-in at time of order, etc., to ensure that the business would not be subject to similar adverse impact again in future. Besides, the SBU has strengthened its procurement and production capabilities over the last nine months in order to have the most competitive cost of production. One of the prominent achievements is the setting up of ACF assembly facility for LCD modules. By doing this process in-house, the SBU could improve substantially in terms of cost and quality. This advanced production facility also allows the SBU to stand out from the other ODM contractors in this region.

With the formation of SBU, the different functions, i.e. R&D, purchasing, manufacturing and marketing are working closely ever than before. Task forces comprise of different talents based on customers' requirement are set up to work with customers throughout the development processes. While trade secrets of customers are being discreetly preserved, knowledge and experience are shared among the teams to enhance staff learning and

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)



高質素產品為集團在原件設計生產顧客方面取得極佳之聲譽。  
High quality products have earned the Group good reputation among ODM customers.

時，SBU亦會與不同的商業夥伴合作，以最佳的商業效果，共同達成客戶的期望。

有關SBU有意在現有日本客戶之外，擴闊其客戶基礎。為控制集團的商業風險，SBU將謹慎地嚴格挑選高質素的業務，避免盲目追求單純的營業額增長。隨著集團的無線通訊技術日益成熟，期望SBU來年的業務也會以掌上型無線通訊工具為主。

### 個人數碼助理 (PDA) SBU

集團在二零零零年中在大中華市場推出其第三代PDA產品，採用開放式平台設計。該Xplore系列PDA為使用者提供開放式操作系統 (Open OS，即 open operating system)，可以自由開發及下載應用軟件，深受市場歡迎。其時尚設計及大面積液晶體顯示屏 (為市場同類產品中最大)，加上其無可匹敵的中文手寫輸入功能，令Xplore產品在眾多同類產品中脫穎而出。時至今日，已共有一百二十款應用軟件可供使用者下載，預計數量將會繼續增加。這些應用軟件主要分三大類，分別為生活實用 (如財務管理，通訊工具)，娛樂 (如遊戲) 及資訊 (如飛機航班及酒店資料)。

operational efficiency. Whenever there is a need, the SBU will also work with external partners to fulfill customer expectations and to attain best results.

It is the SBU's plan to expand its customer base beyond existing Japanese customers. However, the SBU management will take a very cautious approach in the process such that the Group would not take up a too wide exposure. Moreover, the management will also try to manage the growth of business turnover by concentrating on high quality business. With the Group's expertise in wireless communications is proven, it is expected that the SBU will be more involved in wireless handheld products in the years ahead.

### PDA SBU

The Group launched its third generation PDA product featuring open platform architecture in the Greater China market around mid-2000. The Xplore series PDA quickly hit the market by offering the users an open OS (operating system) that permits development and downloads of application software. The stylish design and large size LCD (the largest in the market) together with the unrivalled Chinese characters handwriting recognition made the Xplore products stand out distinctively from the rest. As of today, there are a total of 120 application software made available to users for downloading and many more are expected to come up soon. These applications are mainly divided into three categories, namely productivity (e.g. financial management, communication utilities, etc.), entertainment (e.g. games) and information (e.g. flight and hotel information).

# 管理層研究及分析 (續) Management Discussion & Analysis (continued)

集團新一代之 PDA 產品精巧地揉合了 PDA 及無線通訊科技，如圖右的 GSM PDA 及圖左的雙向傳呼 PDA。

The Group's next-generation PDAs seamlessly combine PDA functions and wireless communications – GSM PDA (right) and Two-way pager PDA (left).



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繼第一個型號 Xplore5000 之後，集團已於去年在市場推出多個嶄新型號，包括一款傳呼機 PDA。各產品的功能及售價不一，但都是使用同一的開放式操作平台，故使用者的數據及應用程式均能完全兼容，也可輕易互傳。管理層相信，開放式操作平台的優點不但在於數據兼容及軟件下載，也有助更易及更快地開發垂直式的應用程式（如企業方案）。根據業界分析，垂直式的市場潛力比橫向式的市場潛力更大。有關 SBU 現正成立一支專責的專業隊伍，開發這潛力優厚的市場。

集團的 GSM PDA 將於二零零一年七月在中國大陸推出市場。這嶄新概念的產品內置 GSM 模組，是市場上首個以開放式操作平台運作的 GSM PDA，而且價格相宜。有關 SBU 正與多個垂直式市場的夥伴合作，利用該 GSM PDA 作流動商貿（m-Commerce）應用平台，例如證券買賣、銀行往來、娛樂、訂位服務及線上資訊查詢等。其他應用功能則包括電子郵件、傳真、話音電話及短訊 (SMS) 通

After the first model Xplore 5000, several other new models, including a pager PDA, have been launched during the past year. Product features and price points of these products are not the same but all of them are running on the same open OS. Hence user data and applications are conveniently compatible and transferable. The management believes that the beauty of open OS is not only in data format and software download but is also in making the development of vertical applications (e.g. enterprise solutions) much easier and quicker. According to predictions by industrial analysts, the market potential of the vertical segment is much bigger than that of the horizontal segment. The SBU is in the course of building up a dedicated team of professionals to tap into this lucrative market segment.

The Group's GSM PDA is scheduled to be launched in July 2001 in the Mainland China market. This all-new PDA with embedded GSM module will be the first one of this type running on an open OS and be offered at a very affordable price. The SBU is now working intensively with several vertical market partners on making use the GSM PDA as a platform for m-Commerce applications, such as securities trading, banking, entertainment, booking and reservation, on-line information enquiries, etc. Other applications include e-mail, fax, voice phone and short



# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

訊。根據研究機構調查所得，全球性短訊通訊量以驚人速度增長，由二零零零年十二月份的一百五十億個，估計在二零零一年十二月份將增至四百億個以上，預期大中華地區將為全球增長最快的地區之一。在開發 GSM PDA市場的初期，有關 SBU 將與「寧波波導股份有限公司」合作，該公司以寧波為基地，於上海證券交易所上市，為中國大陸本地品牌流動電話銷售之冠。

在 GSM PDA 之後，集團將推出 PHS (個人手提電話制式) 及雙向傳呼 PDA，集團在這兩項產品中，將採取較為支援性的角色，由合作夥伴 (即網絡營運商) 佔主導角色。在二零零一年末，集團將推出 GPRS (generalized packet radio service 通用分組無線電服務)，俗稱“2.5G”制式，備有高頻寬，訊包轉換數據傳輸及“永遠在線”功能。集團 PDA 模組式的設計令產品更易於適應新的無線晶片，故可縮短產品的開發時間。有關 SBU 預期，至二零零二／零三年度，兼有通訊功能的 PDA 的銷售量將超越沒有通訊功能的 PDA 的銷售量。

於二零零一年五月，Intel Capital Corporation, SB China Holdings Pte Limited (軟庫集團附屬公司) 及 UTStarcom, Inc. 共同注資 10,500,000 美元於集團的 PDA 營運附屬公司 (即 PDA SBU 的公司個體) — 權智 PDA 控股有限公司。這三家公司共購入 171,818 股 A 類優先股份，佔該公司約 16% 的控股權，並獲董事局兩個席位，共同參與 PDA 公司的管理。與此同時，該 PDA 附屬公司亦與 Intel Semiconductor Limited 達成技術及產品開發合作協議。這是區內首家 PDA 公司，能成功吸引享譽國際的策略性投資者如英特爾及軟庫作資本投資。

messages (SMS) communications. According to research institutions, global SMS communication volume has been growing at a shocking rate, from 15 billion in December 2000 to probably over 40 billion in December 2001. The Greater China region is expected to be among the fastest growing areas in the world. In the initial stage, the SBU will be partnering with Ningbo Bird Company Limited, a Ningbo-based company listed on the Shanghai Stock Exchange and the top selling mobile phone distributor for local brands in Mainland China, to sell the products.

After GSM will be PHS (personal handyphone system) and two-way pagers PDA. For these two communication protocols the Group will take more of a supporting role by letting the business partners, i.e. the network operators, to take the lead. Further down the road towards the end of 2001 will be GPRS (generalized packet radio service), the nicknamed “2.5G” protocol that features high bandwidth, packet-switch data transfer and “always on”. The modular design of the Group’s PDAs would allow easy adaptation to new wireless chips and thus shorten development lead-time. The SBU expects by financial year 2002/03 the sales volume of communication-enabled PDA will overtake that of their non-communicating counterparts.

In May 2001, Intel Capital Corporation, SB China Holdings Pte Limited (a Softbank subsidiary) and UTStarcom, Inc. altogether invested a sum of US\$10.5 million in the Group’s PDA operating arm (i.e. the legal entity of the PDA SBU) - Group Sense PDA Holdings Limited. They subscribed for a total of 171,818 Series A Preferred Shares which represent approximately 16% voting rights and are given two board seats to participate in the management of the PDA company. At the same time of the investment, the PDA subsidiary also entered into a collaboration agreement with Intel Semiconductor Limited for technology and product development co-operation. This is the first PDA company in the region that has successfully attracted equity investment by reputable international strategic investors like Intel and Softbank.



# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

有關 SBU 在去年度錄得經營溢利約 7,389,000 港元，隨著銷售量增加及電子零件成本下降，特別是在嶄新具備通訊功能的 PDA 產品推出市場後，有關 SBU 在本財政年度（二零零一／零二年度）的表現將會大幅改善。

### 傳呼機 SBU

如二零零零／零一年度中期業績所言，在小型生產商可採用低成本的標準晶片方案後，傳呼機市場的入門門檻迅速消失，市場上突然湧現大量非常類似的低檔產品，割喉式減價戰在所難免。管理層決定淡出低檔市場，即基本數字式及文字／數字式訊息傳呼機，轉而集中發展高檔財經資訊廣播傳呼機。這類財經傳呼機涉及複雜的軟件開發，並需與網絡營運商協力合作，故生產商需擁有較強的軟件開發能力及通訊技術的掌握。

過去九個月，有關 SBU 一直致力清減存貨及減低應收賬。大部份積存的存貨均以成本價，甚或低於成本價出售，以增加流動現金。在二零零零／零一財政年度末，管理層決定淡出傳呼機業務。有關 SBU 現正積極物色潛在策略性商業夥伴或買家，共同經營或購入集團部份或全部的傳呼機業務。基於集團是項決定，管理層已為存貨及應收賬作出約 95,145,000 港元的特殊撥備，將賬面值減值至可變現淨值。連同因以低於成本價出售存貨而造成的營運虧損約 91,268,000 港元，傳呼機 SBU 的總虧損約 186,413,000 港元。

### 業務重組

集團自二零零零／零一財政年度第三季開始，已採取一系列業務重組措施，以整固集團業務，並收縮經營規模，有關的主要措施簡述如下：

The SBU recorded operating profit of HK\$7.4 million in last financial year. With a bigger sales volume and improved component cost, the performance of the SBU will be substantially improved in the current financial year of 2001/02, especially after the new communication-enabled PDA products are launched to the market.

### PAGER SBU

As explained in the 2000/01 interim financial report, the entry barriers of the pagers market quickly disappeared after several low-cost standard chipset solutions were made available to smaller manufacturers. The market was suddenly flooded with homogenous low-end products and cutthroat price wars were inevitable. The management decided in middle of the financial year to exit the low-end market, i.e. basic numeric and alphanumeric messaging pagers, and to concentrate on the high-end financial information broadcasting pagers. The financial pagers involve sophisticated software development work and substantial joint effort with the network operators and thus require stronger software and RF (radio frequency) capability.

Over the past nine months, the SBU has been working hard on clearing inventory and collecting accounts receivable. Many of the slow-moving inventory items were sold at cost or even below cost in order to generate cash inflow. At the end of the financial year 2000/01, the management decided to phase out the pagers business. The SBU is now actively seeking potential strategic business partners or buyers to take over part or all of the business from the Group. In response to this corporate decision, the management has made a special provision on inventory and accounts receivable amounted to HK\$95.1 million to write down the book value to net realizable value. Together with operating loss of HK\$91.3 million arising from sales of inventory below cost, the total loss attributable to the Pager SBU is HK\$186.4 million.

### RESTRUCTURING EFFORT

The Group has carried out a series of restructuring measures to consolidate the business and to streamline the operation since the third financial quarter of 2000/01. Principal measures could be summarized as follows:

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

### 減少存貨及加強應收賬的管理

截至二零零零年九月三十日為止，存貨及應收賬均處於歷史性高水平，分別為約399,350,000港元及約327,101,000港元。管理層當時迅速採取措施，以進取的方法減少存貨及應收賬，為此成立了一個專責小組，定期檢討倉存情況，而銷售人員也獲指示儘量出售積存及過剩的存貨。另一方面，管理層又實施十分嚴格的信貸政策，以控制應收賬的增長。同時，SBU的成立及管理層決定將業務方針調整為重「質」而非重「量」，集團業務得以整固，而整體情況也得以改善。於二零零一年三月三十一日，存貨及應收賬均已下降至較合理水平，分別約289,724,000港元及約185,623,000港元。

### 關閉美國辦事處及中國大陸數間未有盈利的分公司

在財政年度的下半年，集團關閉了美國辦事處及中國大陸數間未有盈利的分公司，令營業功能更具效益。有關辦事處或分公司所負的職能則由第三者機構取代，或轉由總公司負責。於整體財政狀況而言，所涉及的結束費用金額有限，已於賬目裏面全數作出撥備。

### 公司整體性精簡人手

管理層凍結所有新職位的申請，並仔細檢討當時員工數目及薪酬，確保達至最高的員工效率。另外也採納自然流失，有關工作則由其他員工分擔。在財政年度末，除聯營公司外，集團的僱員總數為5,447名，比對年度內高峰期減少23%，加上董事會成員及高級管理層自願削減薪酬福利10%至20%，並放棄其年終花紅，員工總開支對比年度內高峰期已成功削減了25%。

### 出售非關鍵資產

隨著員工數目下降及業務整固，部份寫字樓以營運需要而言變得使用率偏低，

### Inventory reduction and tighter control on accounts receivable

As at 30th September 2000, inventory and accounts receivable was at historical high level of HK\$399.4 million and HK\$327.1 million respectively. The management has immediately taken steps to reduce them in an aggressive manner. A special task force was set up to review the disposition of inventory regularly and sales personnel were instructed to sell those slow-moving and excessive items with their best effort. On the other hand, a very stringent credit policy was implemented to control the growth of accounts receivable. At the same time, the setting up of SBU and the management's directive to consolidate sales volume by concentrating on quality instead of quantity also helped improving the situation. At as 31st March 2001, inventory and accounts receivable have been both reduced to more reasonable level of HK\$289.7 million and HK\$185.6 million respectively.

### Closure of USA office and several non-profitable branch offices in Mainland China

In order to streamline the sales function, the USA office and several Mainland China branch offices were closed down during the second half of the financial year. The usual responsibilities have been arranged to be either taken over by third party organizations or transferred back to the headquarters. All closure cost, which is immaterial in the context of the financial statements, has been fully provided for in the accounts.

### A company-wide rationalization program

All new headcount requests were frozen and prevailing payroll was carefully reviewed to ensure maximum staff efficiency could be achieved. Some vacancies have not been replaced and the jobs were re-arranged among existing staff. At the end of the financial year, the total number of staff on the Group's payroll, excluding associated companies, was 5,447, a 23% cut as compared to the peak level in the financial year. Coupled with directors and senior management voluntarily cut their salary packages by 10% to 20% and waived their annual management bonus, total staff cost has been successfully saved by 25%.

### Disposal of certain non-critical assets

Following the decrease in staff headcount and consolidation of business, certain office premises became surplus to operational

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

管理層遂於二零零一年三月出售部份寫字樓物業。有關交易於二零零一年五月完成，但其涉及約17,778,000港元的虧損則已於二零零零／零一財政年度入賬，而其應收出售款項35,500,000港元則歸入其他應收賬內，於資產負債表中列出。除出售上述租約物業外，集團並於同年將遊艇出售。

### 推遲部份資本性開支

為保持集團的穩健流動現金水平，管理層已推遲了新廠房的資本性開支，令有關廠房未按原定計劃於財政年度末投產。反之，現有的廠房則重新規劃，作為臨時措施，以滿足生產需求，直至未來營業額再增長為止。另一方面，董事會將採取一個非常謹慎的態度處理新投資機會。

### 每月經常開支大幅減省

以上各項，再配合一些其他措施，成功地將集團的經營規模收縮，令每月經常開支減省多達35%。管理層相信，以目前的營業額而言，集團經改組後的架構應該極具效益。

### 投資項目

過去一年，集團為鞏固其電子商貿業務 (eBusiness)，進行了數個投資項目。其中較重要的三個簡述如下：

#### 由醫藥網進軍保健刊物出版

集團於二零零零年四月以二千萬股公司新股每股作價1.30港元，向獨立第三者購入「優網科技有限公司」(「優網」)之20%股權，該公司擁有及經營一個名為Cyber-Medic的醫療及保健入門網站。同年五月，集團向「優網」支付約5,500,000港元，行使優先認股權，增持916股新股。其後，「優網」再邀請另一香港上市公司成為股東，增強股東實力。截至二零零一年三月三十一日為

requirement and were disposed of in March 2001. The transaction was completed in May 2001 but the loss on disposal of HK\$17.8 million was fully accounted for in financial year 2000/01 and the proceed to be collected amounted to HK\$35.5 million was shown as Other Receivables in the Balance Sheet. Besides leasehold properties, the Group had also disposed of the pleasure vessel during the year.

### Deferment of certain capital expenditure

In order to preserve the Group's cash position, the management has pushed back the capital expenditure related to a new manufacturing plant that was scheduled to be operational by the end of the financial year. The existing plant was re-arranged instead to fulfill production requirement as a temporary measures until the business volume increases again in future. On the other hand, the directors will take a very cautious approach in new investment initiatives.

### Monthly overhead reduced significantly

The above and other measures have successfully streamlined the operation of the Group and resulted in a saving of monthly overhead up to 35%. The management believes the slimmer organization now is optimal for the Group's current business volume.

### INVESTMENT ACTIVITIES

During the year, the Company had made several investments in companies that were expected to supplement the Group's eBusiness initiatives. Below are brief description of three principal investments:

#### From medical portal to health care magazine

In April 2000, the Company issued 20 million new shares to Ideamall.com Limited at HK\$1.30 per share to pay for the 20% interest in Net Plus Company Limited ("Net Plus"), a company that owns and runs a Chinese medical and health care portal called Cyber-Medic. In May 2000, the Group paid HK\$5.5 million cash to Net Plus to subscribe for 916 new shares by exercising certain share options. Subsequent to the Group's investment, Net Plus had invited another Hong Kong listed company as shareholder to strengthen its shareholder base. As at 31st March 2001, the Group is holding

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

止，集團持股量約19.7%，並委派兩位集團董事進入「優網」的董事會，其中一人且獲選為董事會主席。

「優網」於年中成功擴展業務至出版保健刊物及主辦保健講座。自去年十二月起，該保健月刊「健康創富」已成為本地主要保健刊物之一。

### 掌上語言學習工具

集團於二零零零年六月出資約3,900,000港元，與數位合資夥伴籌組成立「領高IT(控股)有限公司」(「領高」)，為中國大陸的機構或個人提供網上互動式語言學習教材。集團的角色乃開發及生產掌上電子工具，供使用者從互聯網下載語言學習教材。連同集團於一九九九年向「領高」旗下其中一個附屬公司所投資的約2,340,000港元，集團的投資總額約6,240,000港元(約相等於800,000美元)。首個電子學習工具已於二零零一年五月完成開發，現正接受數個潛在客戶的認可測試。管理層將密切關注是項產品可否成為集團電子辭典產品的一個合理延伸。

### 虛擬電子產品市場

集團於二零零零年五月與「新意網集團有限公司」及其他數家包括「金山工業(集團)有限公司」在內的公司訂立協議，成立亞洲首家互聯網電子產品交易所——亞洲電子商貿網AsianE2E.com。集團以5,000,000港元入股，約佔5%的股權，並委派一位集團董事進入董事會。該5,000,000港元投資分兩次進行，首階段的2,500,000港元已於財政年度內投入，而次階段的2,500,000港元則有待亞洲電子商貿網決定投入日期。管理層希望透過有關投資，令集團在虛擬市場能接觸更多供應商及獲得更快的資訊，加強集團的採購能力。

approximately 19.7% of the voting rights and two directors are representing the Group in the board of Net Plus with one of them being elected as the chairman of the board.

During the year, Net Plus has successfully expanded its operating activities to include publishing of a health care magazine and organizing health care seminars. The magazine, titled Health Plus, is published monthly since December 2000 and is now one of the major Chinese health care magazines in Hong Kong.

### Language learning handheld devices

The Group invested in June 2000 HK\$3.9 million in Lango IT (Holdings) Limited ("LangolT"), a company formed with several joint venture partners to deliver on-line interactive language learning material to groups or individuals in Mainland China. The role of the Group in the joint venture is to develop and produce electronic handheld devices that are mainly for language learning through downloading of material from the internet. Together with an investment made by the Group in one of LangolT's subsidiaries amounted to HK\$2.3 million in 1999, the total investment exposure of the Group is HK\$6.2 million (equivalent to US\$0.8 million). The first model of learning device was successfully finished in May 2001 and is now being tested by several potential customers for user acceptance. The management considers this product a sensible extension of the Group's electronic dictionary products and will watch its development with great interest.

### Virtual marketplace for electronic products

The Group entered into agreements in May 2000 with SUNeVision Holdings Limited and several other companies, including Gold Peak Industries (Holding) Limited, to form AsianE2E.com - the Asia's first electronics exchange on the internet. The Group subscribed for HK\$5.0 million, which represents approximately 5% of shareholding, and has nominated a director to represent the Group in the board. The HK\$5.0 million capital injection is to be done in two stages - the first HK\$2.5 million has been called and paid and the remainder HK\$2.5 million is not yet called. It is the management's intention to make use of this virtual marketplace to enhance the Group's procurement capability by accessing to bigger supplier database and quicker information flow.



# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

### 員工

於二零零一年三月三十一日，本集團於香港聘有265名僱員(二零零零年:318名)，於中國大陸聘有5,101名僱員(二零零零年:6,244名)，而於新加坡則聘有81名僱員(二零零零年:48名)，這與去年同期相比，三個地區分別減少約16.7%及18.3%及增長約68.8%。除薪酬及一般員工福利如有薪年假、醫療保險及公積金外，本集團亦為執行董事及高級職員提供優先認股權計劃。

為提高員工的質素，集團不斷在員工培訓及發展上投入資源。於過去一年，員工培訓部為香港及中國大陸超過一百名主管級員工，提供人事管理技巧的培訓。集團亦為新入職的工程部員工提供一個「工程人員熟習計劃」，幫助他們儘快熟習產品開發及生產的工序。生產部的工人也定期接受有系統的培訓及評核，以提升工人的工作知識及生產力。

### 物業

集團於二零零零年三月二十八日出售一項租約物業予一獨立第三者，代價為35,500,000港元。出售該物業的虧損約17,778,000港元，已於二零零一年三月三十一日止年度之損益賬入賬。該物業於一九九三年五月購入，作為寫字樓之用，現管理層認為多出運作之需求。

除上述外，年度期間並無任何重大租約物業之購入及出售。於二零零零年三月三十一日，本集團之租約物業並無重新估值。

### 流動資金及財務資源

集團於財政年度末的銀行結餘及現金總額約125,339,000港元，比前財政年度同期減少約76,659,000港元。但於財政年度結束後的二零零一年五月，出售租約物業所得的約35,500,000港元及策略投資

### EMPLOYEES

As at 31st March 2001, the Group has on its payroll 265 (2000: 318) employees in Hong Kong, 5,101 (2000: 6,244) in Mainland China and 81 (2000: 48) in Singapore representing decreases of about 16.7% and 18.3% and an increase of 68.8% respectively when compared with prior year. In addition to salary payment and normal fringe benefits such as annual leave, medical insurance and provident fund, the Group also has a Share Option Scheme for executive directors and senior staff.

In order to upgrade the quality of our work force, the Group continued to invest in staff training and development. During the financial year, the Training Development had organized training programs for over 100 supervisory staff in Hong Kong and Mainland China, so as to enhance their people management skill. For engineering staff, a comprehensive "Engineer Orientation Program" that is designed to help engineers to familiarize with the product development and manufacturing process is offered to all new recruits. All workers are systematically trained and assessed to improve job knowledge and productivity.

### PROPERTIES

On 28th March 2001, the Group disposed of one of its leasehold properties to an independent third party at a consolidation of HK\$35.5 million. The loss of HK\$17.8 million arising from the disposal was charged to the profit and loss account for the year ended 31st March 2001. The property was acquired by the Group in May 1993 as office premises which the management considered surplus to the current operation.

Apart from the disposal above, there was no significant acquisition and disposal of leasehold properties during the financial year. No revaluation was carrying out for the Group's leasehold properties in Hong Kong at 31st March 2001.

### LIQUIDITY AND FINANCIAL RESOURCES

Bank balances and cash amounted to HK\$125.3 million at end of the financial year, which is HK\$76.7 million less than that of prior year. Subsequent to year end, the Group's bank balances were significantly increased in May 2001 by HK\$35.5 million from the proceed of the disposal of

# 管理層研究及分析 (續)

## Management Discussion & Analysis (continued)

者所投入於PDA附屬公司的約81,900,000港元(約相等於10,500,000美元),令集團的銀行結餘總額得以顯著增加。

集團的銀行總借貸(即長期借貸與短期借貸的總和)由二零零零年三月三十一日的約207,584,000港元,上升至二零零零年九月三十日中期財務報告的約267,369,000港元。隨著業務的整固及存貨與應收賬於下半年的持續改善,現金流轉漸趨穩健,而銀行總借貸亦於二零零一年三月三十一日下降至約220,956,000港元。

集團的銀行借貸到期償還概況見附註25,所有的借貸利息均以浮動利率計算。

管理層一直與集團的往來銀行保持緊密的合作關係,確保銀行方面繼續支持。

### 資產抵押

集團將若干租約物業抵押予銀行,作為銀行一般融資的擔保。於二零零一年三月三十一日,該等抵押物業的賬面值約117,157,000港元,比對前財政年度下降約51,634,000港元,主要因為集團於二零零一年三月出售了一部份租約物業。

### 或然負債

於二零零一年三月三十一日,集團有約22,182,000港元的有追索權之銀行貼現票據,比對前年增加約7,360,000港元,主要因為二零零一年三月份的出口業務比較多。

### 外匯及財政政策

集團大部份的商業交易、資產及負債皆以港元或美元或人民幣結算,只有一小部份的採購合同以日元結算。根據集團的財務政策,管理層應就所有對集團構成顯著影響的外匯風險加以管理。集團並無進行任何形式的利率或外匯投機活動。

leasehold properties and HK\$81.9 million (equivalent to US\$10.5 million) from the investment monies paid by the strategic investors to the PDA subsidiary.

Total bank borrowings (i.e. long-term plus short-term bank borrowings) increased from HK\$207.6 million as at 31st March 2000 to HK\$267.4 million as at 30th September 2000, the date of interim financial report. As a result of business consolidation and continuous improvement in inventory and accounts receivable in the second half of the financial year, cash flow became healthier and bank borrowings decreased to HK\$221.0 million as at 31st March 2001.

The maturity profile of bank borrowings is contained in note 25 to the financial statements. All of the bank borrowings are on floating rate basis.

The management maintains a very close working relationship with the Group's bankers to ensure their continuing support.

### CHARGES ON ASSETS

Certain leasehold properties are pledged as security for general banking facilities granted to the Group. As at 31st March 2001, the carrying value of the assets pledged is HK\$117.2 million, which is HK\$51.6 million less than that of prior year because of the disposal of certain leasehold properties in March 2001.

### CONTINGENT LIABILITIES

As at 31st March 2001, trade bills discounted to banks with recourse amounted to HK\$22.2 million, which is HK\$7.4 million higher than that of prior year due to increase of export business in March 2001.

### FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in either Hong Kong Dollars, United States Dollars or China Renmenbi. A small portion of the Group's purchases of raw material is denominated in Japanese Yens. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group does not engage in interest rate or foreign currency speculative activities.