

總裁報告

本人謹代表台和商事控股有限公司向各股東提呈截至二零零二年三月三十一日止年度之週年報告。

本人藉此機會感謝各員工對集團之貢獻及努力，共渡艱難的營商環境及確保集團於過往一年有穩定之表現。

業績及股息

截至二零零二年三月三十一日止年度，本集團除稅及少數股東權益後之綜合淨盈利為一千零五十萬港元，每股基本盈利為6.6港仙。

在本年度，本集團之營業額為七億三千三百六十萬港元，比去年財政年度溫和減少百分之十六點七。

董事局建議向於二零零二年八月十五日名列本公司股東名冊之股東派發末期股息每普通股1港仙。如股東週年大會上獲股東通過，末期股息將於二零零二年九月十日派發。於本年度已派中期股息每普通股派2港仙，合共三百二十萬港元。

流動資金及財務資源

在本財政年度中，本集團繼續採取審慎之財務政策。於二零零二年三月三十一日，本集團之流動資產淨值達一億三千四百萬港元。股東資本為二億六千七百萬港元。由於積極使用集團之現金，總借貸由去年七千八百萬港元減至二千萬港元，大幅減少百分之七十四。年底現金及銀行結餘為六千萬港元，而扣除銀行借貸後，結餘為四千萬港元，比上一個財政年度增加百分之一百三十九。

PRESIDENT'S STATEMENT

On behalf of Daiwa Associate Holdings Limited, I would like to present to shareholders the Group's audited report for the year ended 31 March 2002.

I am taking this opportunity to express our gratitude to the Group's staff for their contributions enabling the Group to work through a tough business environment and securing a fair performance for the preceding year.

RESULTS AND DIVIDEND

The Group has recorded a consolidated net profit after taxation and minority interests for the year ended 31 March 2002 of HK\$10.5 million. Basic earnings per share is HK6.6 cents.

During the year, the turnover of the Group was HK\$733.6 million, representing a moderate decrease of 16.7% from that of the previous financial year.



高級影音系統組件

Modules for Hi-End Home Entertainment Systems

The Board of Directors has recommended a final dividend of HK1 cent per ordinary share payable to shareholders whose names appear on the Register of Members of the Company on 15 August 2002. Subject to the shareholders' approval at the forthcoming annual general meeting, the dividend will be payable on 10 September 2002. During this year, an interim dividend of HK2 cents per ordinary share amounting to HK\$3.2 million was distributed.

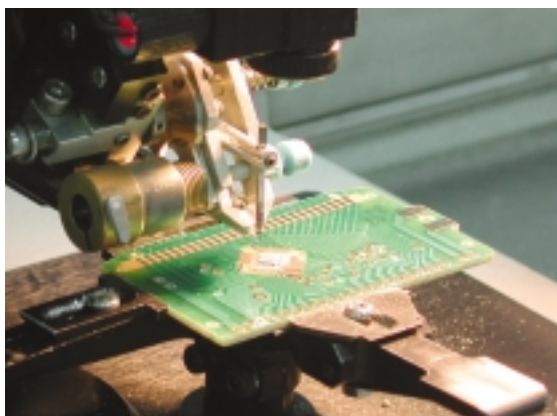
LIQUIDITY AND FINANCIAL RESOURCES

During the fiscal year, the Group continued to exercise a prudent financial policy. At 31 March 2002, the Group's net current assets amounted to HK\$134 million and the shareholders' funds were HK\$267 million. By the active utilization of cash funds of the Group, the total borrowings sharply decreased by 74% to HK\$20 million when compared with total borrowings of HK\$78 million last year. The year-end cash and bank balances were HK\$60 million while after net of bank borrowings was HK\$40 million, representing an increase of 139% when compared with that of the previous fiscal year.

於二零零二年三月三十一日，本集團所獲可用之總銀行信貸額約一億六千六百萬港元，而仍可使用之信貸額為一億二千七百萬港元。在同日融資租約承擔減至三十萬港元。

於二零零二年三月三十一日，按借貸總額扣除少數股東權益及延遞稅項後除以股東資金而計算之資本負債比率與二零零一年三月三十一日比較由0.31銳減至0.08。

本集團之資產大部份由股東資金、應付營業賬項及銀行借貸組成。應付營業賬項及銀行借貸需於一年內償還。借貸及現金主要以港元、美元或人民幣為單位。由於這些貨幣匯率較穩定，本集團在外幣負債、資產或投資方面沒有使用任何貨幣對沖工具。本集團監控與以上貨幣組合有關之負債、現金及現金等額，以減低匯兌風險。集團之貸款均按浮動息率計算。



集成塊晶片直接裝配到印刷電路板上
IC Chip-On-Board wire bonding in progress

於二零零二年三月三十一日，本集團並無抵押資產作銀行信貸。集團於二零零二年三月三十一日，如終止僱用所有符合收取長期服務金或遣散費之僱員，則會產生或然負債一百八十九萬二千港元（二零零一年：一百七十七萬港元）。

本集團審慎控制庫存，維持兩個月營業額之存貨量，存貨水平下降至八千二百七十萬港元，比去年減少百分之二十二。

At 31 March 2002, total available banking facilities of the Group were approximately HK\$166 million, of which HK\$127 million was available for use. Finance leases obligations outstanding on the same date reduced to HK\$0.3 million.

At 31 March 2002, the gearing ratio, which is defined as total borrowings, excluding minority interests and deferred taxation to shareholders' funds, sharply decreased to 0.08, compared to 0.31 at 31 March 2001.

The Group's assets are mostly financed by shareholders' funds, trade payables and bank borrowings. Trade payables and bank borrowings are repayable within one year. The borrowings, cash and cash equivalents are mainly denominated in Hong Kong dollars, US dollars or Renminbi. As the exchange fluctuation of these currencies is relatively stable, the Group did not use any financial instruments to hedge the foreign currency liabilities, assets or investments. Instead, the Group monitors the mix of the borrowings and cash

and cash equivalents relating to these currencies to minimize the effect of the exchange risk. The Group's borrowings are bearing interest at a floating rates.

At 31 March 2002, the Group has not pledged any of its fixed assets for securing banking facilities. The Group's contingent liabilities on long service payments or severance payment amounted to HK\$1,892,000 (2001: HK\$1,770,000) if the employment of all employees who were entitled to the payments were terminated on 31 March 2002.

Inventory of the Group was prudently controlled under a turnover period of two months and the inventory level dropped to HK\$82.7 million, representing a decrease of 22% when compared with last year.

本集團過去大量投資於產品與市場開發及生產流程再造。本年度此等支出除資本性支出外，約為一千一百萬港元，並已列入損益賬中。

業務回顧

面對全球經濟放緩，本集團沒有受到重大之負面影響。本人欣然報告除製造及經銷移動通訊工業所需之電子元器件業務需求下降外，集團其他主要業務表現穩定，與上年度水平相近。

管理層認為持續增長維繫於集團推出新產品及進入新市場之能力，此事需要顯著之投資及管理資源，將新產品由概念發展至推出市場。在此期間，集團不斷投資及投放相當資源在產品及市場發展方面，由於產品之發展必須若干時間才能成熟，此等投資令本集團盈利產生短期之負面影響，但管理層相信此是為將來成功鋪路之正確投資。

整體製造業務

製造業務總營業額為二億九千八百萬港元，比去年減少百分之十四點六。

The Group has substantially invested in the areas of product and market development and production process re-engineering. During the year, except capital expenditure, total amount incurred for these activities is approximately HK\$11 million, which has been charged to the current year's profit and loss account.

REVIEW OF OPERATIONS

Facing the global economic slowdown, negative effect to the Group was not substantial. I am pleased to report that, except for the decline in demand for electronic components of mobile phones in both our manufacturing and distribution business segments, other core business is performing steadily at a level similar to the previous year.



移動通訊系統地基站必需的訊號迴旋器
Signal circulators needed in Mobile Telecommunication
Earth Stations

Management is of the view that sustainable future growth hinges on the Group's ability to launch new products and enter new markets. The development requires substantial investments and management resources in taking the new products from concept development to market. During the period under review, the Group has continued to invest and deploy significant resources in product and market developments. Because of the time involved in the product developments, the investments created a temporary negative contribution to profits but management believes that these are positive investments to pave the way for future success.

MANUFACTURING

The total turnover of manufacturing was HK\$298 million, representing a decrease of 14.6% when compared with last year.

電子元器件製造業務

電子元器件製造業務繼續是本集團之主要業務及盈利貢獻，雖然普遍元器件之需求增加，惟此分部之營業額卻因移動通訊元器件及應用於流動電話之揚聲器之需求下降而削弱。此分部營業額為一億五千萬港元，比去年減少百分之二十二點八。

二極管推行之垂直組合生產，令整流二極管因晶片及引線提高了盈利之收益，加上自產玻璃二極管之雙金屬引線直接減低了玻璃二極管之成本，令集團有良好之競爭能力。另一方面，開關二極管之產量已由每月五千萬粒增至每月一億粒，銷售成績令人滿意，而需求仍在增長中。集團並已投資生產玻璃二極管之新設備，來年財政年度開關二極管及穩壓二極管之產量將增至每月一億五千萬粒。同時集團已成功開發了新封裝之DO-34及表貼裝配MELF二極管。

開關二極管硅晶片之擴散技術現已發展至最後階段，並預期在下一個財政年度完成。此外，穩壓二極管硅晶片之擴散技術已展開研究，預期於二零零四年完成。

Electronic Components Manufacturing

Electronic Components Manufacturing continued to be the major core business and contributor to the Group's profit. Although demand for the general components was increasing, the turnover of this segment was diluted by the dropping demand of telecommunication components and loudspeaker for mobile phone application. Turnover of this segment was HK\$150 million, representing a 22.8% decrease when compared with last year.



進入無塵車間前必需經氣流室除塵
Passing through Air-Shower for removing dust before entering Clean-Room

With the vertical integration manufacturing of diodes, the Group has a good competitive edge due to profit yielded from dices and lead-wire manufacturing of Rectifier Diodes, together with the manufacturing of DUMET lead-wire of glass diodes which reduced the cost of diodes. Productivity of switching diodes has grown from 50 million pieces to 100 millions pieces per month. Sales results were satisfactory and the demand is still growing. New production facilities of glass-diodes have been invested in and the capacity

of Switching Diodes and Zener Diodes will increase to a total of 150 million pieces per month in the coming fiscal year. New packaging of DO-34 and MELF type of surface mounted diodes have also been developed successfully.

The development of the diffusion process for the silicon dices for Switching Diode is in the final stage and is expected to be finished in the coming fiscal year. The development for the diffusion of silicon dices for Zener Diode has already commenced and is expected to be finished in 2004.

電線製造之業務正持續穩定增長。集團已取得大部份如UL、CSA、CUL及CCEE等之國際安全標準證書。本集團已安裝新設備如拉線機及注塑成型機，用作生產PVC膠粒，生產能力亦因而提高。管理層預期來年有合理之增長。

The Wire and Harness business maintained steady growth. The Group has already obtained certificates for most of the international safety standards such as UL, CSA, CUL and the CCEE. New facilities for wire-extrusion, plastic injection machines and new facilities for the production of PVC plastic pellets have been installed and the production capacity has also been increased. Management expects to achieve reasonable growth in the coming fiscal year.

電子消費產品製造業務

於本年度，集團已重大投資於市場開發、工程技術、設計新產品及發展新型號之電子消費產品，為此分部突飛猛進之增長作出準備。新型號之鐳射唱盤，手提音響組合之設計及發展大部份已於下半年完成，亦獲得新客戶之良好回應。由於美國911恐怖襲擊事件，大部份新客戶均延遲訂單，但集團有信心於下一個財政年度取回延遲之訂單。



移動電話及免提耳機線專用的微形揚聲器單元
Micro-Speakers built for Mobile Phone and
Headfree Earphone-Mic

雖然主要消費產品之訂單增加，但由於產品售價下調，令此分部之營業額只受到輕微影響。而集團已致力於改進工程技術增加成本效益，令此分部之毛利得以維持穩定。

Orders of core consumer products have increased but price of the products has decreased and the revenue of this segment was only slightly affected. The Group has put great effort in engineering, yielding cost efficiency. Gross profit of this sector was steadily maintained.

雖然電子消費產品市場環境十分艱難，但憑著管理層及員工高度投入工作，此分部之營業額為一億四千八百萬港元，只比去年財政年度輕微下降百分之四。

As a result of the dedicated effort of management and staff, despite the tough market sentiment towards consumer electronics, turnover in this segment was HK\$148 million, representing only a slight decrease of 4% when compared with that of the previous reported fiscal year.

Consumer Electronics Manufacturing

In the reported year, the Group has invested substantially in marketing exploration, engineering, new product design and development of new models of consumer electronics to prepare a leap and jump growth in this segment. The design and development of most of the new models of CD players and Music Boom-boxes were finished in the second half of the year and have gained a positive feed-back from new customers. However, due to the 911 incident in the USA, most of the new customers delayed the orders. The

Group is confident that the delayed orders will return in the coming fiscal year.

品質、進程及環境工程

作為電子元器件製造商超過二十年，集團主力製造低價值而質量相當之元器件，但時至今日，隨着市場對在嚴謹、客觀及高效率流程控制下生產之高品質產品需求增加，集團大部份生產廠房已裝設溫度控制、濕度控制及無塵管制區域。一些關鍵性區域，集團還提昇該區域為無靜電及無塵間。經過改裝後，集團亦設立一個獨立品質及進程管理部門，獨立處理內部品質及進程控制及內部審查，保證產品均是優良管理下的高質產品。本集團自一九九三年已獲得ISO9002，而2000年版本亦將於短期內批核。集團已辦理申請QS9000證書之必須程序及ISO14000之環境批核。



調整全自動晶體管裝配設備
Setting up of fully automatic bonders for transistor assembly

電子元器件經銷業務

在如現今經濟放緩之情況下，庫存控制是經銷業務一個重要之成功因素，集團維持此分部之存貨水平在五千萬港元，與去年比較下降百分之二十。

電子消費產品之普遍需求於下半年大幅下跌及美國恐怖襲擊事件之負面影響，使集團採取極度審慎之信貸控制政策以減低不穩定顧客帶來之財務風險。為了不令集團於此敏感時期遇到信貸及財務之風險，集團已拒絕財政狀況有問題之客戶訂單。

Quality, Process and Environmental Engineering

Being a manufacturer of electronic components for more than 20 years, the Group has put major emphasis on manufacturing of low cost components with fair quality and process. With the increasing demand for high quality products that are produced under a prudent, objective and efficient controlled process, the Group has enhanced most of the production floors by implementing temperature and humidity controls, and establishing dust-free control zones. For some critical zones,

the Group even upgraded the areas to be anti-static and clean rooms. After modification of the physical set-up, the Group also set up an independent Quality and Process Management Division to conduct independent internal Quality and Process Control and Audit to act as an enhancement and firewall to ensure the outflow of products to be well managed with good quality. The Group has been granted ISO9002 since 1993 and expects to be granted the 2000 version within the next short period. The Group is also conducting necessary procedures for the certification of the QS9000 certification and ISO14000 for environmental approvals.

ELECTRONIC COMPONENTS DISTRIBUTION

Inventory control is an essential key to success in the distribution segment especially in a slowing economy. The Group has maintained the inventory level of this segment at HK\$50 million, representing a decrease of 20% when compared to last year.

General demand for consumer electronics dropped drastically especially in the second half of the reported year. The negative impact of terrorist attack in the USA was so substantial that the Group had to use a very prudent credit control policy to reduce the risks arising from unsteady customers. To protect the Group from credit and financial risks in this sensitive period, the Group has refused orders from customers with marginal financial positions.

面對此關鍵性之經濟狀況，經銷隊伍已特別努力開發新業務以補償負面影響，此分部之營業額錄得四億三千六百萬港元，與去年比較溫和下降百分之十八。

此部門為VCD及音響產品提供解決方案，一直扮演主導角色，而且表現優良。工程部之強大技術能力令集團能超越其他競爭對手。MCU(微型控制器)組合及RISC IC之產品設計及軟件開發，更能令客戶對集團供應之產品建立較強之依附性。

作為東芝、松下、Rohm、Sino-American Silicon及本集團品牌之可變電阻、整流二極管、穩壓二極管、開關二極管，以及TO-92及SOT-23封裝之三極管等電子元器件其中一個重要經銷商，本集團致力消滅低毛利之品牌及產品，並邀請新供應商以加強陣容。於此報告年，集團新獲得Liteon及ON Semiconductor之代理權。得到這些新供應商後，集團於能源管理及慎重應用方面將得到更穩固之支持，從而進一步提高集團之產品組合之完整性。

近年中國電子零件生產商不單只生產國內之消費產品，還轉移出口至其他外國城市。國內生產商之規模發展迅速，遠遠超過香港傳統生產商。中國電子生產商已從影音產品發展至家電、空調及電訊產品。面對此現象之轉變，集團已於北京、上海、廣州及深圳設立分公司，投入此增長中之市場。

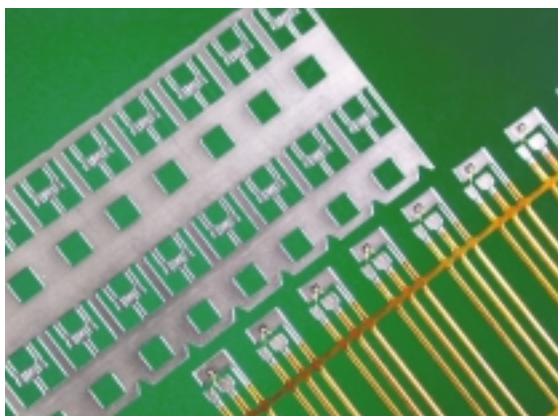
Facing this critical economic situation, the Distribution team has paid special attention to explore new applications to compensate for the negative impact. Turnover of this segment was recorded as HK\$436 million, representing a moderate decrease of 18% when compared with last year.

The division has done a good job in playing a dominant role in providing solutions for VCD and audio products. The strong engineering capabilities made the division distinct from competitors. Solutions for product design and software development for custom design MCU (Micro Computer Unit) and RISC IC (Reduced Instruction Set Computer) further contributed to the loyalty of customers who are devoted to the Group's supply.

Being one of the most important distributors of electronic components for Toshiba, Panasonic, Rohm, Sino-American Silicon and the distributor of the Group's own brand electronic components in Variable Resistors, Rectifier Diodes, Zener Diodes, Switching Diodes as well

as the TO-92 and SOT-23 packages of transistors, the Group endeavored to eliminate low profit margin brand names and products and invited new suppliers to strengthen the team. In the reported year, the Group gained new distributorship from Liteon and ON Semiconductor. With the enhancement of these suppliers, the Group will have firm support in the field of power management and discrete applications which further enhance the perfection of the Group's product integration.

In recent years, Chinese electronic product manufacturers have shifted not only to produce products for local consumption but also export to other foreign countries. The size of the manufacturers has grown rapidly and they have become far larger than that of the traditional Hong Kong manufacturers. Electronic products of the Chinese manufacturers have extended from audio and visual products to household appliances, air-conditioners as well as telecommunication products. In view of these changes, the Group has already established offices in Beijing, Shanghai, Guangzhou and Shenzhen to penetrate into this growing market.



塑封前之晶體管在製品
Transistors Work-In-Progress, before Encapsulation

員工

於二零零二年三月三十一日，本集團共聘請了約三千二百名僱員，其中香港有一百二十名，其餘大多數為國內僱員。業務員之薪酬包括工資及佣金，佣金是按盈利指標制度而釐定；非業務員之僱員按照部門之盈利及個人表現可享有年終花紅。本集團並提供強積金及醫療福利給予所有香港僱員，其中部份員工有權選擇參與本集團之公積金計劃。於此報告時期，沒有僱員被授予購股權。

業務前景

本集團長期擁有強健之現金滾存，可通過縮短付款賬期或準時付款，維持與供應商議價時之強勢，因此雖然在競爭激烈下，集團可享有大部份原料及元器件供應商之第一手價格，從而維持合理之盈利。本集團於來年將維持低銀行借貸率，借貸成本將會因而節省過百萬元。集團亦會退出沒有前景之經營及偏離軌道之發展計劃，為來年再節省數百萬元。

對電子零件之需求，尤其在流動電話方面，有顯著跡象上升，故此集團可充份利用僅餘之電子零件生產力。而DO-35及TO-92玻璃封裝二極管及三極管之需求亦增加，由於來年財政年下半年之產量將會增加，此方面之成本亦可相繼下降，令本集團可於市場上擔當更積極之角色及保證來年獲得穩定之回報。此外，一個客戶之電子元器件生產線將會整體搬往本集團之生產基地，集團將開始生產新種類之電子元器件。

EMPLOYEES

At 31 March 2002, Group employed a total of approximately 3,200 employees of which 120 were Hong Kong based while most of the others were PRC employees. Sales personnel are remunerated on the basis of on-target-earning packages comprising of salary and incentives. Non-sales personnel are offered a year-end discretionary bonus which is based on the divisional profit and individual appraisals. The Group also provides a Mandatory Provident Fund and medical benefits to all Hong Kong employees while some Hong Kong employees have an option to join the ORSO provident fund scheme of the Group. During the reported period, no share options has been granted to employees.



各式各樣不同國家標準的電源線
Power Cables for Various Standards and Systems

FUTURE PROSPECT

The Group has been in a strong cash position for a long time and it maintains good negotiation vehicles with suppliers by good payment reputation or shorter payment terms. The Group can enjoy first tier pricing from most of the material and component suppliers and maintain reasonable profit even if price competition is keen. The Group will also maintain low bank borrowings in the coming year so that the Group can reduce million of dollars by saving borrowing costs. The Group will also pull out from operations with no prospects and off-schedule development projects to save additional millions in the coming year.

There are significant signs that demand for electronic components is increasing, especially those for mobile phones. The Group can therefore utilise its surplus productivity in the manufacturing of components. Demand for DO-35 and TO-92 package of glass diode and transistor is also increasing. By increasing the production capacity in the second half of the coming fiscal year, the cost of this sector will be further reduced and the Group can play a more active role in the market and can secure a steady return in the coming year. Further, a new turnkey plan of production for electronic components from a customer will be moved to the Group's production site and the Group will commence the manufacturing of new types of electronic components.

本集團投資電線生產項目已達到收支平衡，此方面之業務已穩定增長及逐漸為集團帶來盈利貢獻。

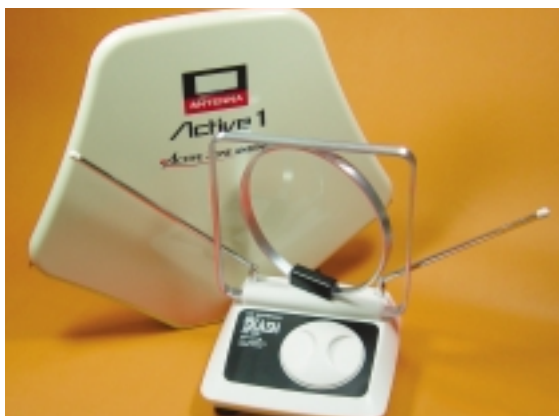
The investment in the manufacturing of electric wire and harnesses has already reached the break-even point. The business in this aspect is growing steadily and will gradually contribute positively to the Group.

本集團為新消費產品開發之新模具已開始帶來新客戶，亦期望來年為集團帶來盈利貢獻。

The investment in a development of new tooling and moulds of new consumer products has already started to bring in new customers and is expected to contribute positively in the coming year.

集團已於云浮，一個位於廣東省西面之城市，設立新廠房，集團已將五金及可變電阻之組裝生產遷移到該廠房。此兩項目之產量將上升，本集團相信這些產品之成本將進一步減低。

The Group has started to set up a new production plant in Yun Fu, a city in the Far West part of Guangdong. The Group has already moved the production of metal work and assembling of Variable Resistors to the site. Capacity of these two productions will also be increased and the Group believes that the cost of production for these products will be further reduced.



高靈敏度電視天線和訊號放大器
High Reception TV Antenna and Boosters

中國大陸之電子零件透過正式進口之需求迅速增加，由於中國於二零零一年已批准加入世貿，集團大部份電子零件進口時可享零關稅，因而集團可建立一個合理之進口平台，比其他使用另類渠道的競爭者穩健。

Demand for electronic components in China through formal importing channel increases rapidly. Since China was admitted to the World Trade Organization in 2001, the Group can enjoy zero import duty for most of the importing electronic components and that generates a fair import platform among competitors who import through parallel channels.

於報告年內，集團於深圳保稅區設立分銷辦事處，提供較大彈性之物流支援，管理層相信中國電子元器件分銷在未來數年將有重大之增長。

With the set up of a distribution office in Shenzhen Free Trade Zone in the reported year, the Group has achieved greater flexibilities of logistic support. Management believes that distribution of electronic components in China will grow substantially in the coming years.

管理層深信下一個財政年度將是本集團另一個增長年度。

Management strongly believes that the coming fiscal year will be another year of growth for the Group.

總裁

LAU Tak Wan

劉得還

President

香港，二零零二年七月十五日

Hong Kong, 15 July 2002