

增長策略放眼全球



Growth

Strategy, Global Vision



Hanny is devoted to expand its operations through widening our product spectrum and broadening our customer base globally. Our ability to breakthrough geographical, cultural and timing barriers allows the Group to cope with changes in the fast-moving business environment.

錦興致力於更新產品及全球市場推廣，以拓展業務，跨越地域、文化及時間之界限令本集團可以從容應付現代社會之快速變化。





The Group recorded a year of satisfactory growth during 2001/2002. I present to our shareholders the 2001/2002 annual report of the Company.

RESULTS AND FINANCIAL REVIEW

Results

In the year ended March 31, 2002, the Group's audited consolidated loss before minority interests was HK\$77.7 million (2001: HK\$597.0 million), which was mainly composed of net profit from operations before other operating expenses of HK\$165.9 million (2001: HK\$73.5 million), net gain on disposal of certain interests in subsidiaries and associates of HK\$5.6 million (2001: HK\$245.1 million), unrealized holding loss on other investments and impairment loss on investment securities and goodwill of HK\$184.9 million (2001: HK\$751.2 million), finance costs of HK\$58.1 million (2001: HK\$111.4 million), share of net losses of associates of HK\$3.5 million (2001: HK\$30.1 million) and taxation of HK\$2.7 million (2001: HK\$22.9 million).

Turnover from trading computer and consumer related products as well as securities increased by approximately 10.1% and 193.5% respectively. Such growth raised gross profit of products trading by around 17.8% and turned the loss of securities trading into gain, contributing to the increase of overall gross profit by around 26.5%. The considerable increase, which was brought about by tighter cost control and shift of more profitable products sales, was a significant achievement amid sluggish economy in recent years.

In respect of the net realized gain on securities trading, it was primarily due to a single disposal of 4,556,976 common shares in the capital of Oxford Properties Group Inc. ("Oxford") in October 2001. Despite this, the Group has made great provisions for the unrealized holding loss on other investments and impairment loss on investment securities under the persistent poor investment environment, eroding the profit from products trading. Yet, with the emerging sign of economy recovery from the early 2002, the Group has great potential of realizing profit from sales of securities in future.

chairman's statement

主席報告書

本集團於二零零一／二零零二年期間錄得滿意之增長。本人謹此向股東呈報本公司之二零零一／二零零二年度年報。

業績及財務回顧

業績

截至二零零二年三月三十一日止年度，本集團之經審核未計少數股東權益前之綜合虧損77,700,000港元（二零零一年：597,000,000港元），主要包括未扣除其他經營開支之經營淨溢利165,900,000港元（二零零一年：73,500,000港元）、出售若干附屬公司及聯營公司權益之淨收益5,600,000港元（二零零一年：245,100,000港元）、所持其他投資未變現虧損及投資證券與商譽減值虧損184,900,000港元（二零零一年：751,200,000港元）、財務費用58,100,000港元（二零零一年：111,400,000港元）、應佔聯營公司虧損淨額3,500,000港元（二零零一年：30,100,000港元）及稅項2,700,000港元（二零零一年：22,900,000港元）。

買賣電腦及消費相關產品以及證券之營業額分別增長約10.1%及193.5%。該等增長提升產品貿易之毛利約17.8%，並使證券買賣業務轉虧為盈，引致整體之毛利增長約26.5%。由更加嚴格之成本控制及轉向銷售高利潤產品所帶來之可觀增長，乃近年疲弱經濟中之重大成就。

就證券買賣之未變現淨收益而言，主要原因為於二零零一年十月一次性出售Oxford Properties Group Inc.（「Oxford」）之4,556,976股普通股。儘管如此，本集團於持續惡劣之投資環境中，為持有其他投資之未變現虧損及投資證券減值虧損作出大額撥備，侵蝕了產品貿易之盈利。然而，二零零二年初經濟出現復甦迹象，本集團於短期內有極大潛質從證券買賣中實現盈利。

chairman's statement

Liquidity

Net cash balances at March 31, 2002 stood at HK\$233.1 million (2001: HK\$546.2 million), accounted for 11.1% (2001: 27.3%) of the net tangible asset value of the Group. The decline in cash was corresponded to the increase in inventory level, thence preparing both the upbeat of business demand and expansion of scale of operations in the coming year.

As at March 31, 2002, total borrowings of the Group amounted to HK\$656.8 million (2001: HK\$1,405.0 million), of which HK\$11.0 million (2001: HK\$121.9 million) were not repayable within one year. The borrowings included bank borrowings of HK\$278.2 million (2001: HK\$334.5 million), other loans of HK\$297.0 million (2001: HK\$625.8 million), overdrafts of HK\$76.1 million (2001: HK\$49.8 million), obligations under finance leases of HK\$3.1 million (2001: HK\$6.3 million) and amount due to a minority shareholder of HK\$2.4 million (2001: HK\$2.7 million). The significant drop in borrowings was mainly due to the repayment of convertible note of HK\$385.9 million and other loans during the year in order to minimize the finance costs.

The reduction in total borrowings by utilizing cash reserves not needed for other uses was a conscious effort by the Group to reduce both its indebtedness and its interest expenses. Other than achieved a saving in interest expenses of HK\$53.2 million, the current ratio (current assets/current liabilities) of the Group at March 31, 2002 was improved to 156% (2001: 132%).

Pledge of assets

As at March 31, 2002, certain assets of the Group amounted to HK\$306.2 million (2001: HK\$1,275.3 million) were pledged to banks and financial institutions for loans' facilities.

Gearing ratio

The gearing ratio (borrowings/shareholders' funds) at March 31, 2002 was significantly reduced to 29.2% (2001: 64.8%), due to the repayment of debts after realization of other investments.

流動資金

本集團於二零零二年三月三十一日之現金淨結存為233,100,000港元（二零零一年：546,200,000港元），佔本集團有形資產淨值之11.1%（二零零一年：27.3%）。現金下跌是由於存貨水平增加，為來年之業務需求上升及經營規模擴展作好準備。

於二零零二年三月三十一日，本集團之借款總額為656,800,000港元（二零零一年：1,405,000,000港元），其中11,000,000港元（二零零一年：121,900,000港元）不須於一年內償還。有關借款包括銀行借款278,200,000港元（二零零一年：334,500,000港元）、其他貸款297,000,000港元（二零零一年：625,800,000港元）、透支76,100,000港元（二零零一年：49,800,000港元）、融資租約3,100,000港元（二零零一年：6,300,000港元），及欠一名少數股東之款項2,400,000港元（二零零一年：2,700,000港元）。借款大幅下降主要因為於本年度內償還385,900,000港元可換股票據及其他貸款以便盡量減少財務費用。

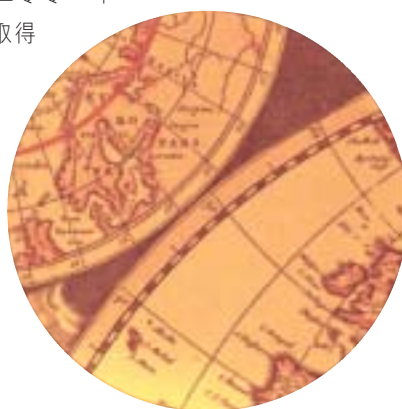
本集團致力減少其債項及利息開支，方法為動用毋須用於其他用途之現金儲備，從而減低借貸總額。除達致減省53,200,000港元之利息開支外，本集團於二零零二年三月三十一日之流動比率（流動資產／流動負債）得以改善為156%（二零零一年：132%）。

資產抵押

於二零零二年三月三十一日，本集團306,200,000港元（二零零一年：1,275,300,000港元）之若干資產抵押予銀行及財務機構以取得貸款額。

資本與負債比率

於二零零二年三月三十一日之資本與負債比率（借款／股東資金）因為變現其他投資後償還債務而大幅減少至29.2%（二零零一年：64.8%）。



主席報告書



Exchange rate and interest rate risks exposure

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars and United States Dollars. The risk of foreign exchange fluctuation had not been significant to the Group. Interest rates of the borrowings are mainly referenced to LIBOR or HIBOR plus for import loans and Prime plus for bank and other loans. At the balance sheet date, the Group did not enter into any interest rate speculative and hedging contracts. However, the Group has been monitoring closely on exchange rate fluctuations, and is taking appropriate steps to cover especially its foreign currency exposures in accounts payable, accounts receivable and purchases of inventories, amidst the recent weakening of United States Dollars against other major foreign currencies.

Contingent liabilities

The Group's total contingent liabilities at March 31, 2002 was HK\$9.4 million (2001: HK\$15.7 million) in relation to guarantees given to a bank for facilities to an investee company. In addition, at March 31, 2002, certain of the margin clients' securities with an aggregate market value of HK\$516,779,000 (2001: HK\$372,254,000) were pledged to a bank to secure general banking facilities for a subsidiary.

Employees and remuneration policies

As at March 31, 2002, there were approximately 1,000 staff (2001: 1,100) employed by the Group. The remuneration policies are formulated on the basis of performance of individual employees and the prevailing salaries' trends in various regions. They are subject to be reviewed every year. The Group also provided employees training programs, provident fund scheme, medical insurance and discretionary bonus. Share options are awarded to employees on merit basis and 640,000,000 share options were granted during the year.

chairman's statement

主席報告書

滙兌及利率風險

本集團大部分之業務交易、資產及負債以港元及美元計值。本集團因此而蒙受之外幣波動風險並不大。進口貸款之息率主要參照倫敦銀行同業拆息率或香港銀行同業拆息率以上水平計算，而銀行及其他貸款之息率則參照最優惠利率以上水平計算。於結算日，本集團並無訂立任何利率或外滙投機及對沖合約。然而，本集團一直密切注意滙率波動情況，並採取合適步驟以彌補其於應付款項、應收款項及購買存貨之外滙風險，尤其近期美元相對其他主要外滙貨幣較為疲弱。

或然負債

本集團於二零零二年三月三十一日就被投資公司之信貸款額而向一間銀行提供擔保，或然負債總額為9,400,000港元（二零零一年：15,700,000港元）。此外，於二零零二年三月三十一日，為使一間附屬公司取得一般銀行信貸，若干總市值為516,779,000港元（二零零一年：372,254,000港元）之孖展客戶之證券被用作抵押。

僱員及薪酬政策

於二零零二年三月三十一日，本集團約僱用1,000名員工（二零零一年：1,100名）。薪酬政策乃按照個別僱員之表現及不同地區現行之薪金趨勢而判定，每年會進行檢討。本集團也提供培訓計劃、公積金、醫療保險及酌情花紅予僱員。表現優異之僱員會獲得購股權之獎勵，本年度內授出之購股權為640,000,000份。

chairman's statement

BUSINESS AND OPERATIONS REVIEW

TRADING OPERATIONS

During the year, substantial progress was made across multiple fronts as the Group's strategic priorities on its primary business continued to gain momentum. Many Memorex® branded products have successfully maintained their leading market positioning.

In Europe, Memorex® has made remarkable achievements last year. Memorex® is on its path of continuous growth in turnover, customer base, product segments and profitability. With the broadening of geographic markets in Austria, Switzerland, Benelux and Eastern Europe, the European operations achieved a total turnover of US\$74.1 million, representing almost a 100% increase over turnover from the previous year.

Recognized as an IT Media specialist, Memorex® succeeded in gaining a No. 2 position in the European media market for the last quarter of 2001. Memorex® is also on its way to grow and to achieve No. 1 positioning in the European CD-R market for the next year. With the launch of the 40 Maxx CD-RW drive, the BBQ 200 and the DVD + RW drive within the first quarter of 2002, the hardware side is contributing not only with high turning volumes but also with acceptable margins.

The results in Canada last year were also impressive. Despite keen competition in the optical media industry, Memorex® Canada was able to gain a significant increase in its market share for CD-R media and has a profitable year.

The Group's sale of blank video tape, blank audio tape and 3.5 floppy disc ranked No. 1 and the sale of CD-R ranked No. 3 in Canada last year. This clearly demonstrates the popularity of Memorex® products and that Memorex® has well-established goodwill for its brand name. Memorex® Canada is also expecting more than 10% growth in market sales next year.

The United States operations enjoyed healthy sales during the year. With the strong customer base, Memorex® continues to be the leading brand of optical media in the United States and maintains better than 30% share of CD-R media and nearly 50% share of DVD media.

業務及業務運作回顧

貿易業務

於本年度內，由於本集團之策略性重點業務持續蓬勃發展，在多項業務中均取得大幅度進展，而且多項Memorex®品牌之產品成功地市場上保持領導地位。

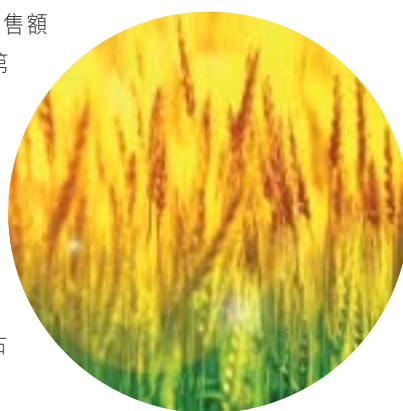
Memorex®品牌於去年在歐洲成績彪炳，在營業額、客戶基礎、產品類別及盈利能力方面均持續增長。隨著本公司在奧地利、瑞士、比荷盧及東歐擴大地域市場，使本集團之歐洲業務總營業額達74,100,000美元，比上年度營業額增加接近一倍。

Memorex®品牌一向被譽為資訊科技媒體專家，於二零零一年第四季成功佔據歐洲媒體市場第二位，並且繼續擴展，本集團銳意於明年在歐洲一次收錄光碟市場攀升至第一位。當40 Maxx 可重寫光碟驅動器、BBQ 200及DVD+RW 驅動器於二零零二年第一季推出後，硬件業務不僅可提高出售貨品數量，而且增加令人滿意之利潤。

去年，本集團在加拿大之業績也令人鼓舞。儘管光學媒體業競爭激烈，Memorex®品牌在加拿大之一次收錄光碟媒體市場份額仍能大幅提高，並獲得盈利。

此外，本集團去年之空白錄音帶、空白錄影帶和3.5磁碟之銷售額高踞加拿大市場第一位，一次收錄光碟之銷售額則佔市場第三位，可見Memorex®品牌產品深受歡迎且信譽超著。本集團預期Memorex®品牌明年在加拿大的市場銷售額增幅將超逾10%。

於本年度內，本集團在美國之業務是相當穩健。憑藉強大之客戶基礎，Memorex®品牌仍繼續處於美國光學媒體市場的領導地位，佔一次收錄光碟媒體市場份額超逾30%，並佔DVD媒體市場份額接近50%。



主席報告書



During 2001, the United States operations doubled its CD-R unit sales from the previous year by selling over 400 million CD-Rs in the United States market. Demand for other products in the Memorex® product family also remained strong. Memorex® products are now sold in all ten of the top ten retailers in the United States.

Memorex® also strengthened its operational capability to support future growth by implementing a state of the art Enterprise Resource Planning System (SAP/R3) last year. This infrastructure integrates and automates the business process along the Group's value chain and thus allows the Group to meet the growing demands of its retailers as well as the continued expansion into new product categories.

Besides the existing broad product range, Memorex® continues to be a market innovator by developing new, promising product groups for consumers. A complete product line of batteries and rechargeable batteries as well as the first Memorex® consumer electronic devices will be launched during the second and third quarter of year 2003. These new products will penetrate the markets in Europe, Canada and the United States. With the growing popularity of DVD drives, Memorex® will also strive to attain a strong market share in this product segment. The enlarged product variety is expected to generate additional revenue for the Group and enhance its market compatibility.

ACQUISITIONS AND DISPOSITIONS

Tender of Shares in Oxford Properties Group Inc.

On August 20, 2001, the Company, together with its indirect wholly-owned subsidiaries, Gold Colt Enterprises Limited and Kurrana Limited (collectively referred to as the "Vendors") entered into an agreement (the "Agreement") with BPC Properties Ltd. (the "Offeror") and others, pursuant to which the Offeror agreed, subject to certain conditions, to make an offer (the "Offer") to all the shareholders of Oxford Properties Group Inc. ("Oxford") to acquire all the shares in the capital of Oxford held by them at an offer price of CAD\$23.75 per common share. The Vendors agreed pursuant to the terms of the Agreement to tender 4,556,976 common shares in the capital of Oxford in connection with the Offeror's Offer.

chairman's statement

主席報告書

二零零一年本集團於美國之一次收錄光碟單位銷售額較上年度增加一倍，售出超過400,000,000張一次收錄光碟。由於當地對於Memorex®品牌系列產品的需求依然強勁，因此Memorex®品牌產品現在美國十大零售店均有出售。

本集團去年推行周全之企業資源計劃系統(SAP/R3)，加強Memorex®品牌的業務運作能力，以支持未來的增長。此項基礎設施將本集團之價值鏈業務程序整合和自動化，從而讓本集團符合零售商之增長需求，並同時持續拓展新產品類別。

除了Memorex®品牌現有廣泛之產品種類外，本集團繼續發揮市場創新精神，不斷為客戶開發更多嶄新和有信譽保證之產品類別。本集團將於二零零三年第二季及第三季推出電池和可充電電池全系列產品和首項Memorex®品牌消費電子產品。這些產品將滲透歐洲、加拿大和美國市場。隨著DVD驅動器愈來愈受歡迎，Memorex®將致力取得該類產品龐大之市場份額。產品種類之增加，將可為本集團產生額外之收入，並可加強市場上的產品兼容性。

收購及出售

提呈Oxford Properties Group Inc.之股份

於二零零一年八月二十日，本公司連同其間接全資附屬公司Gold Colt Enterprises Limited及Kurrana Limited（統稱「賣方」）與BPC Properties Ltd.（「收購人」）及其他各方訂立協議（「該協議」），據此收購人同意於若干附帶條件獲得履行之情況下，按每股23.75加元之收購價，向Oxford Properties Group Inc.（「Oxford」）全體股東提出收購彼等所持股本之全部股份（「收購建議」）。根據該協議之條款，賣方同意就收購人之收購建議，提呈Oxford股本中之4,556,976股普通股。

chairman's statement

The Offeror is owned by BPC Real Estate Holdings Trust and Ontario Municipal Employees Retirement System ("OMERS"), one of the largest pension plans in Canada. On October 17, 2001, Oxford and OMERS announced that the Offeror had taken up all the Oxford shares tendered pursuant to the Offer. In total, approximately 98.6% of the outstanding Oxford shares not previously owned by OMERS and the Offeror were taken up. As the Offer was accepted by holders of more than 90% of the Oxford shares that were subject to the Offer, the Offeror proceeded to exercise its statutory right to acquire the remaining Oxford shares. In connection with the Offer, the Group received approximately CAD\$108.2 million (equivalent to approximately HK\$537.9 million).

Further details of the Offer have been disclosed in the Company's announcement dated August 23, 2001 and the Company's circular dated September 13, 2001.

Acquisition of an interest in Provisions Suppliers Corporation Limited

Pursuant to a sale and purchase agreement dated March 19, 2002, the Group, through its wholly-owned subsidiary, acquired approximately 27.45% interests in Provisions Suppliers Corporation Limited ("PSC") for a total consideration of S\$52,884,679.

PSC is listed on the Singapore Exchange Securities Trading Limited. The principal activities of PSC are those relating to the supply of household consumer products. The principal activities of its subsidiaries are those relating to investment holding, supply of agency products to supermarkets, hotels, institutions and provision shops; marketing and distribution of chemical products; supply of provisions and household products and etc.

PSC also manages a well-established network of franchise stores. PSC possesses various brand names that the Group sees as potentially invaluable when it wishes to further its business. The Group believes that with its track records in brand name management, it is able to assist PSC in the latter's brand name management business (e.g. sub-licensing and franchising) which has immense potential. Additionally, the Group believes that a closer business relationship between the two groups would have tremendous synergistic effects on rationalizing and expanding their distribution networks in different countries and in the diversification of their products. The Group also sees the shareholding in PSC as an opportunity for it to invest in a company which has a good record of steady income and dividend payments.

收購人及由BPC Real Estate Holdings Trust及加拿大最大退休金計劃之一Ontario Municipal Employees Retirement System（「OMERS」）擁有。於二零零一年十月十七日，Oxford及OMERS宣佈，收購人已根據收購建議購入所提呈之全部Oxford股份。以總數計算，先前尚未由OMERS及收購人擁有之約98.6% Oxford已發行股份已獲購入。根據收購建議所規定，由於收購建議獲得逾90% Oxford股份持有人接納，因此收購人已行使其法定權利購入餘下之Oxford股份。據此，本集團已收到約108,200,000加元（相等約537,900,000港元）。

有關收購建議之其他資料已於二零零一年八月二十三日刊發之本公司公佈及於二零零一年九月十三日刊發之本公司通函內披露。

收購普威聯營有限公司之權益

根據一份於二零零二年三月十九日訂立的買賣協議，本集團透過其全資附屬公司收購普威聯營有限公司（「普威」）約27.45%權益，總代價為52,884,679坡元。

普威在新加坡證券交易所上市。普威之主要業務為供應食品及家庭用品。普威之附屬公司主要從事投資控股、向超級市場、酒店、機構及雜貨店供應代理產品；推銷及經銷化學產品；及供應食品和家庭用品等等。

普威亦管理特許經營連鎖店。普威擁有多個品牌，本集團認為此對進一步拓展業務具相當潛在價值。本公司相信其於品牌管理之業務紀錄，有助普威進行品牌管理業務（分牌照特許經營）。此外，本集團相信，兩個集團之間維持密切之業務關係，對於在不同國家拓展分銷網絡及增加產品種類具協同作用。普威具穩定收入及派息之良好紀錄，本公司亦視持有普威股權為一投資機會。



主席報告書



OUTLOOK

Fiscal year 2001/2002 was characterized by drive and achievements for the core business of the Group despite adverse economic conditions around the world. The Group witnessed continuous growth of Memorex® products in both market share and revenue. We expect the Group will keep pursuing its dominant business strategies towards geographic expansion of markets and innovation in products.

The Group's business is further diversified by the Company's acquisition of PSC in the first quarter of 2002. Such investment is expected to contribute to the increase of the Group's revenue.

Due to the disposal of 4,556,976 common shares in the capital of Oxford during the year, the Company received the proceeds of approximately CAD\$108.2 million (equivalent to approximately HK\$537.9 million). Apart from repayment of borrowings, the Group intends to use the remaining proceeds for re-financing of future strategic acquisitions.

The terrorist attacks in the United States in September 2001 led to economic shock and global decline in financial markets. Many investors were affected by this market disruption and inevitably, the Group incurred losses in share investment for the past year. For the coming years, the Company envisages further growth in its core business. The Group will also continue to explore potential investment and expansion opportunities to strengthen and diversify the Group's business and hence maximize shareholders' value.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow board members, the management and employees for their hard work and contributions to the Group in the past year.

On behalf of the Board
Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, July 18, 2002

chairman's statement

主席報告書

展望

儘管全球經濟情況逆轉，本集團之核心業務於二零零一年／二零零二年財政年度卻標誌著動力及成就。本集團見證著Memorex®產品在市場份額及收益兩方面均有持續增長。吾等預期本集團將秉承其主要業務策略，擴大產品市場及產品創新繼續實施其主要業務策略。

本公司於二零零二年第一季收購普威，使本集團之業務更趨多元化。預期此項投資有助提高本集團之收益。

本年內，本公司已出售Oxford股本中4,556,976股普通股，並已收取約108,200,000加元（相等約537,900,000港元）作為出售股份之代價。除償還借款外，本集團擬動用餘下出售所得款項作為日後策略性收購之再融資款項。

於二零零一年九月，美國受恐怖主義者襲擊令經濟出現動盪，且令全球金融市場下滑。眾多投資者因市場不景氣而受到影響，本集團去年股份投資亦無可避免地出現虧損。於未來數年，本公司預期其核心業務會有進一步增長。本集團亦會繼續物色具潛力之投資及拓展機會，以鞏固本集團業務及使之更多元化，從而為股東爭取最大回報。

致謝

本人謹此向各董事會成員、管理人員及僱員於過去一年努力不懈地對本集團作出貢獻，深表謝意。

代表董事會
主席
陳國強博士

香港，二零零二年七月十八日