

Chairman's Statement

主 席 報 告 書



主席報告書

Chairman's Statement

業務回顧 ▶

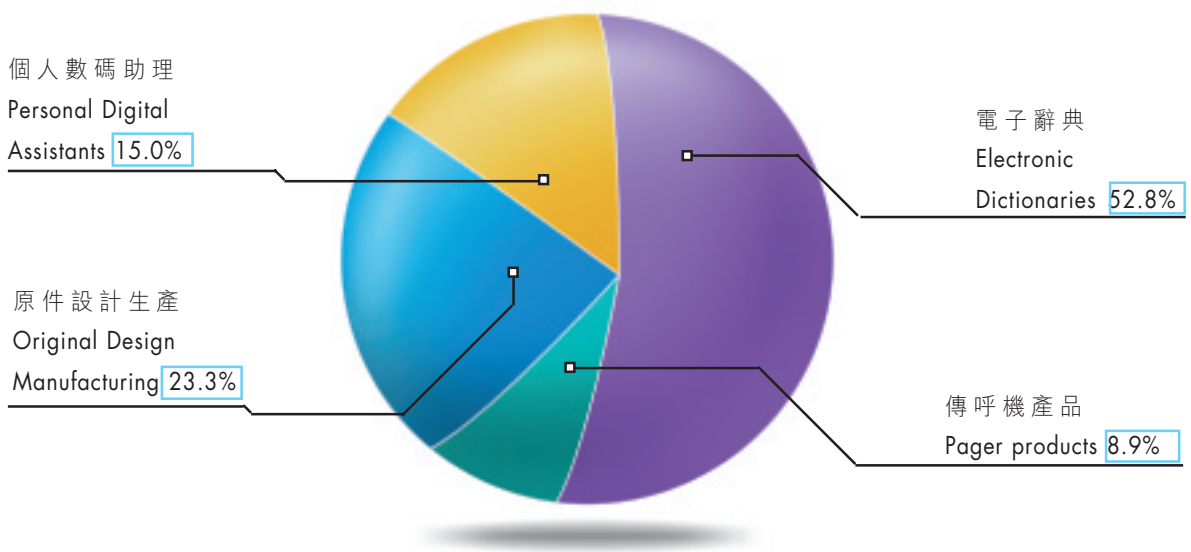
回顧過去一年，集團繼續致力整固其業務以改善盈利能力及現金流轉。截至二零零二年三月三十一日止，集團全年營業額為977,800,000港元，比對去年同期營業額1,612,600,000港元，下降39.4%。在全年總營業額977,800,000港元之中，三項持續經營業務，包括電子辭典、個人數碼助理（「PDA」）及原件設計生產（「ODM」）共佔891,100,000港元（91.1%），其餘非持續經營業務，即傳呼機業務則佔86,700,000港元（8.9%）。集團全年錄得98,100,000港元的股東應佔虧損，其中包括由持續經營業務所產生的溢利29,100,000港元，以及因非持續經營業務而產生的虧損127,200,000港元。

集團之持續經營業務已開始轉虧為盈，符合集團先前所定之目標。

BUSINESS REVIEW ▶

Over the past year the Group continued to consolidate its business in order to improve profitability and cashflow. Turnover of the financial year ended 31st March, 2002 was HK\$977.8 million, representing a drop of 39.4% when compared to the previous year of HK\$1,612.6 million. Among the turnover of HK\$977.8 million, HK\$891.1 million or 91.1% was from continuing business, that is electronic dictionaries, personal digital assistants ("PDA") and original design manufacturing ("ODM"), and the remaining HK\$86.7 million or 8.9% was from discontinuing business, that is pager products. Loss attributable to shareholders for the year was HK\$98.1 million which comprised of profit from continuing business HK\$29.1 million and loss from discontinuing business HK\$127.2 million.

It is noted that the Group's continuing business begins to return to profitable track as planned.

按主要業務分類之營業額分析
Analysis of Turnover by Principal Activity

主席報告書(續)

Chairman's Statement (continued)

非持續經營業務所產生的虧損主要由傳呼機業務之減值而產生。於二零零二年七月八日，集團與一家總部設於北京的公司簽定不具法律效力之意向書，以30,000,000港元出售集團所有的傳呼機業務。根據意向書，兩家公司需於簽定意向書的30天內簽訂正式合約。集團管理層據此為傳呼機的業務作出105,800,000港元之永久性減值。連同傳呼機業務於年內的經營虧損26,600,000港元及出售充電性電池產品業務之一次過收益5,200,000港元，非持續經營業務之總虧損為127,200,000港元。管理層強調為傳呼機業務所作的永久性減值只是為存貨及應收賬等資產賬目減值，並不牽涉任何現金支出。

另一方面，集團去年繼續投資於其持續經營業務，致力推廣其品牌、擴大銷售網絡及加強產品研究及開發的能力。集團之品牌已成為大中華區最為人知的消費產品品牌之一。隨著銷售網絡深化至二線及三線城市，集團於中國國內之零售終端已由3,000個增加至5,000多個，而主要經銷商數目亦達50多個，遍佈中國國內主要地區，由駐於廣州總部之專業隊伍專責運作及管理。持續經營業務之產品研究及開發費用為54,600,000港元，佔相應營業額約6.1%。除內部科研隊伍外，集團亦於去年與中國國內的大學共同成立軟件中心，以加強其研發能力。

公司內部方面，自兩年前成立以來，各獨立策略性業務單位(SBU)之運作已上軌道，去年集團之整體生產力及營運效率已明顯地改善，而管理層之問責性亦大大提高。

The loss suffered in the discontinuing pager business is mainly attributable to the impairment in value of the pager operation as a consequence of a possible sale of the business to a third party. On 8th July, 2002, the Group entered into a non-legally binding Letter of Intent ("LOI") with a Beijing-based company for the disposal of the entire pager business by the Group at a consideration of HK\$30.0 million. According to the LOI, the two companies shall execute definitive agreements within thirty days from the date of the LOI. Based on this understanding, the management provided a permanent impairment in the value of the pager business in the amount of HK\$105.8 million in the accounts. Together with an operating loss of HK\$26.6 million for pagers during the year and a non-recurring gain on disposal of the rechargeable battery business of HK\$5.2 million, the total loss for the discontinuing business amounted to HK\$127.2 million. The management wish to emphasize that the permanent impairment of the pager business is for the writing down of the book value of assets such as inventories and accounts receivable and does not involve cash outlays.

On the other hand, the Group continued to invest in the continuing business, especially in the areas of branding, marketing network and research and development ("R&D"). The Group's brands are now among the top consumer brands in the Greater China region. Sales outlets in mainland China increased from 3,000 to more than 5,000 as a result of expansion of the sales network into the secondary and tertiary cities. The network is being operated and managed in Guangzhou where a team of professional managers are charged with the responsibility to run a total of more than fifty major distributors covering the major parts of mainland China. R&D spending for the continuing business amounted to HK\$54.6 million, which is approximately 6.1% of the corresponding sales turnover. Besides in-house R&D, the Group has also established software centres with universities in mainland China to strengthen its R&D capability.

On the corporate side, the SBU (Strategic Business Unit) management is at its full swing since its establishment two years ago. It is apparent that the overall productivity and operational efficiency have significantly improved during the year and management accountability has also increased.

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Chairman's Statement (continued)

電子辭典

電子辭典全年營業額為516,500,000港元，約佔總持續經營業務之58.0%，仍是集團之最大收入來源。未計融資成本及投資撥備前之經營溢利由前年的5,300,000港元增加至70,300,000港元。此乃致力減低成本及加強信貸管理之成果。隨著去年推出多款新產品，集團的擴大中國國內低檔產品市場佔有率之計劃亦漸見成績。另一方面，亞洲市場，尤其南韓及泰國均錄得相當滿意的增長。

個人數碼助理（「PDA」）

對PDA SBU而言，因承受著中國國內PDA市場於2000年底展開的激烈市場整合所帶來的後遺症，過去一年是相當艱巨的一年。按總產品出售數量計算，整個市場錄得輕微倒退，但平均產品價格則大幅下降30%。這對集團的銷售量及邊際利潤帶來直接的負面影響。PDA全年營業額為146,600,000港元，僅約為前年的55.7%，而經營虧損為25,500,000港元，相反去年同期則錄得輕微的經營溢利7,400,000港元。

於二零零一年五月入股的策略性股東（包括Intel Capital及Softbank），不但於融資方面協助了PDA SBU，並在技術及市場推廣方面為SBU帶來很多益處。去年PDA SBU於大中華市場推出首部中、英文顯示GSM PDA，得以搶先打入快將起步的流動數據市場，雖然此產品之銷售量並未帶來驚喜，但此乃集團涉足無線數據通訊業務及垂直市場企業解決方案的第一步。

原件設計生產（「ODM」）

在內部大力整頓業務及北美市場放緩的影響下，ODM SBU全年錄得營業額228,100,000港元，比對前年同期下降46.8%。但透過加強成本控制、提高生產效率及改善關鍵性零

Electronic dictionaries

Turnover of the SBU in the year was HK\$516.5 million, which is approximately 58.0% of the total continuing business and is still the largest income contributor to the Group. Operating profit (before finance cost and investment charges) increased to HK\$70.3 million from HK\$5.3 million in previous year. This was attributable to the marked achievement in cost reduction and credit control. The plan to increase the Group's market share in the low-end market in mainland China began to bear fruit after several new products were launched during the year. On the other hand, the mid- to high-end segments continued to be the Group's stronghold in the market. The Asian market, particularly South Korea and Thailand, recorded satisfactory growth during the year.

PDA

The year under review was a difficult year to the PDA SBU because the mainland China market was suffering from the aftermath of a vigorous market consolidation that began in late 2000. Total market volume in terms of quantity showed a slight setback but average unit prices had dropped by as much as 30%. This created direct negative impact to the Group in sales volume and profit margins. The SBU recorded sales turnover for the year HK\$146.6 million, which is approximately 55.7% of that in the previous year. Operating loss was HK\$25.5 million whereas there was a small operating profit of HK\$7.4 million in corresponding year.

The investment by strategic investors including Intel Capital and Softbank in May 2001 helped the SBU not only on the financing side but also on the technology and marketing side. During the year, the SBU launched the first ever Chinese-based integrated GSM PDA in the Greater China market to pre-empt the upcoming mobile data segment. Although the sales volume of this model was not particularly exciting to the Group, it has indeed enabled the Group to make its first footstep in both the wireless data field and the vertical enterprise solution market.

ODM

As a result of intensive consolidation effort and the slow down of the North American market, the turnover of the ODM SBU was HK\$228.1 million which represents a drop of 46.8% when compared to the previous year. However, the

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部件的採購，SBU得以錄得經營溢利3,300,000港元，而前年則錄得經營虧損35,000,000港元，能得如此佳績，SBU管理層居功至偉。

由於主要市場的經濟不明朗，SBU去年非常重視與主要客戶作策略性合作，並謹慎地發展高質素業務，深信建立能獲利的運作基礎比單純追求增加營業額更為重要。

展望 ▶

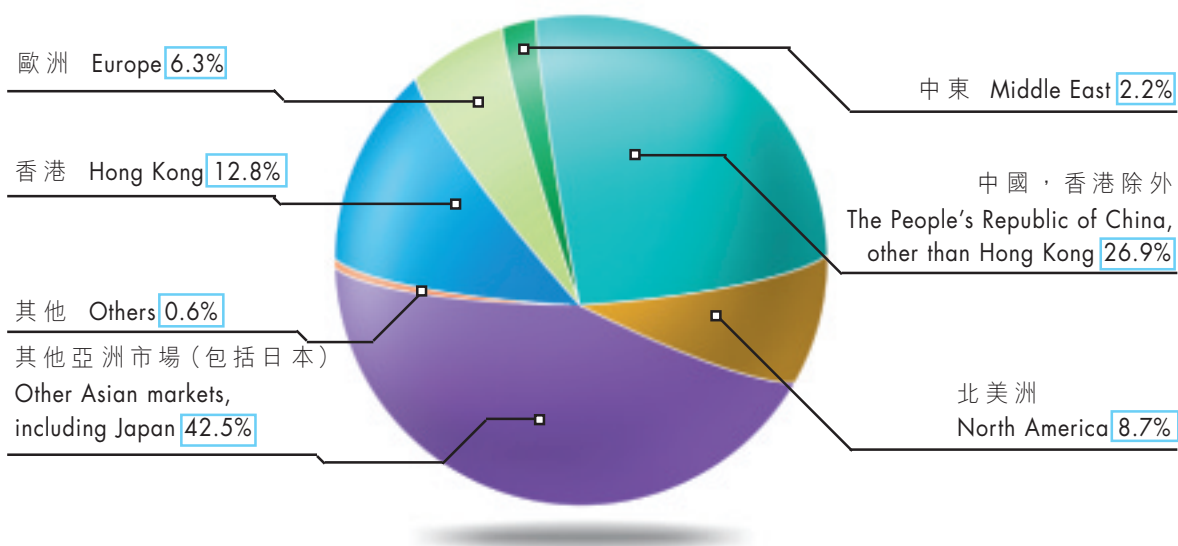
美國經濟的復甦，就算以較為樂觀的經濟預測來看，也不會早於二零零二年底前出現，這已是普遍的共識。故此，對美國的出口將會持續疲弱。同樣地，香港本土的消費力在

SBU managed to make an operating profit of HK\$3.3 million for the year whereas it was an operating loss of HK\$35.0 million the year before. The credit should go to the SBU management for their achievement in cost control, manufacturing efficiency and procurement of critical components.

During the year, higher emphasis was placed on strategic partnership with major customers and high quality business with a very cautious approach in new business development in the wake of the general economic uncertainties in major markets. Building up the base for a profitable operation precedes the pursuit for bigger sales volume.

OUTLOOK ▶

It is almost certain that the much expected US economic recovery would not be materialized until, as the more optimistic economists would predict, towards the end of 2002. Export to the North American market will continue to

按市場地區分類之營業額分析
Analysis of Turnover by Geographical Market

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Chairman's Statement (continued)

市場需求疲弱及失業率高企的陰影下，估計最多只能不過不失。幸而，中國國內仍會為集團提供業務增長動力，而個別亞洲市場，如南韓、台灣及泰國亦會有所增長。

電子辭典

展望今年，集團將為電子辭典加入不同的增值功能，如透過互聯網下載數碼化內容及改善發聲系統等，務求顧客能享受個人化的電子產品時稱心滿意，對集團的產品產生歸屬感。本SBU亦會繼續致力減低產品的生產成本，例如開發專用的多功能結合晶片。市場方面，將繼續深化銷售網絡，希望將中國國內的零售終端數目增加至7,000多個，而同時亦會加快開發外語產品，以捕捉南韓及泰國市場的增長機會。

隨著電子書的技術及市場需求開始受到注意，本SBU會於未來投放更多資源，為可能出現的商機做好準備。

PDA

由於低檔的PDA產品逐漸變為邊際利潤微薄的類同商品，本SBU將會致力開發不同的創新產品功能，例如彩色顯示屏，內置攝影機及藍牙通訊功能等，令集團的產品更有獨特性，能排眾而出。展望從今年年底開始，通用分組無線電服務(General Packet Radio Service, GPRS)會更流行及被消費者受落，帶起流動數據市場，間接令本集團的GPRS無線通訊PDA產品得益。

本SBU亦會繼續開拓企業解決方案業務及嘗試於亞洲、中東及歐洲等地區打開新市場。

ODM

本SBU正與數個策略性夥伴洽談多項新項目，管理層希望能透過與南韓及歐洲客戶展

be weak. Likewise, the local Hong Kong market is expected to be static, if not worse, because of the soft consumer demand and high unemployment rate. On the other hand, the mainland China market will provide the biggest impetus for business growth whilst some of the Asian markets such as South Korea, Taiwan and Thailand will also continue to pick up.

Electronic Dictionaries

The SBU will focus on adding to the products more value-for-money features such as digital content for download through the internet and improved text-to-speech quality. The target is to provide the customers with personalised devices that could enhance customer satisfaction and user loyalty. Cost-down measures, such as design of integrated chips, will continue to be on the SBU's agenda. On the marketing side, the SBU will strive to expand its sales network in mainland China by further increasing the number of sales outlets to 7,000. The management will also speed up the development of new products for the South Korea and Thailand markets to realize their high growth potential.

As eBook technology and market are getting more attention, the SBU will also increase its effort in this area to prepare for this forthcoming market.

PDA

As the low-end segment is becoming more and more a commodity market with very mean profit margins, the PDA SBU will focus on increasing the products' uniqueness by adding special features like colour screen, built-in camera, embedded Bluetooth communication, etc. Towards the end of 2002 when the GPRS (General Packet Radio Service) has become more popular and accepted, it is envisaged that the mobile data market will take off and will benefit the SBU's wireless products which are GPRS-ready.

The SBU will also continue to expand its presence in the enterprise solution market and will try to open up the overseas markets in Asia, Middle East and Europe.

ODM

The SBU is now discussing with some strategic business partners on several new projects. It is the intention of the

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開合作，以擴闊其客戶基礎。根據去年成功的經驗，SBU亦將會繼續與客戶共同合作開發新產品，務求減低成本、攤分風險及縮短產品開發時間。

管理層有信心ODM SBU的營業額於今個財政年度會有較佳表現。

結 論

透過管理層積極地重組及整固了業務，集團的經營狀況已見明顯改善，包括邊際利潤增加、經營成本下降、現金儲備鞏固及借貸比率下降。隨著傳呼機業務即將出售，集團管理層可以更集中資源於擴大有盈利的持續經營業務及開拓新的業務。而集團將繼續投資於集團的「快譯通」品牌及中國國內的銷售網絡，以確保集團的長遠競爭力得以不斷提高。管理層亦會確保各SBU不斷加強對市場的迅速反應及營運效率，務求營業額及市場佔有率均能增加。基於上述理由，董事會對集團來年(2002/03)的財務表現抱審慎樂觀的態度。

股 息

董事會建議不派發截至二零零二年三月三十一日止年度之末期股息(二零零一年：零港仙)。

SBU management to broaden its customer base by working with customers in South Korea and Europe. The SBU will also continue its practice in joint product development with customers, which was proven to be very successful in last year, such that cost and risks could be shared and development lead-time could be reduced.

It is envisaged that the business volume of the ODM SBU will increase in the current financial year.

CONCLUSION

Through the vigorous effort in streamlining the operations and consolidating the business, last financial year (2001/02) saw significant turn-around in many aspects – improved profit margins, much lower operating cost, stronger cash reserve and reduced gearing ratio. With the pending disposal of the pager business, the management could concentrate their resources on the profitable continuing business and the development of new potential business. On the other hand, the continuous investment in the Group's brand "Instant Dict" and the marketing network in mainland China helps ensuring the long-term competitiveness of the Group in the marketplace. The management will also make sure that the SBUs will further enhance their market responsiveness and operational efficiency to achieve higher sales turnover and market share. With all these factors, the directors remain cautiously optimistic of the financial performance of the Group in the current financial year of 2002/03.

DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31st March, 2002 (2001: nil).

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Chairman's Statement (continued)

鳴謝 ▶

本人謹代表董事會感謝各股東、客戶、供應商及銀行一直以來對本集團之支持，並對所有員工於過去一年之辛勤工作及貢獻表示衷心謝意。

承董事會命
主席
譚偉豪

香港，二零零二年七月十九日

APPRECIATION ▶

On behalf of the Board of Directors, I wish to thank our shareholders, customers, suppliers and bankers for their continuing support to the Group and to extend my appreciation to all members of staff for their dedication and contribution throughout the year.

By order of the Board
Tam Wai Ho, Samson
Chairman

Hong Kong, 19th July, 2002