

CHAIRMAN'S STATEMENT

主席報告



On behalf of the Board, I am pleased to present to our shareholders the results for the year ended 31st March 2002.

RESULTS AND DIVIDENDS

The Group's turnover totalled HK\$2,847,547,000, representing a 3% decrease from the previous financial year. Profit attributable to shareholders was HK\$220,188,000, a rise of 16% over the previous financial year.

The Board of directors recommended the payment of a final dividend of HK4 cents (2001: HK3 cents) and a special dividend of HK3 cents (2001: nil) per ordinary share for the year ended 31st March 2002, together with the interim and special dividends paid during the year, which make up the total dividends of HK13 cents for this financial year (2001: HK4.5 cents).

本人謹代表董事會欣然向股東提呈截至二零零二年三月三十一日止年度之業績。

業績及股息

本集團之營業額合共為2,847,547,000港元，較上一個財政年度下跌3%。股東應佔溢利為220,188,000港元，較上一個財政年度上升16%。

董事會建議派發截至二零零二年三月三十一日止年度之末期股息每股普通股4港仙(二零零一年：3港仙)及特別股息每股普通股3港仙(二零零一年：無)，連同年內已派付之中期及特別股息，本財政年度之股息合共為13港仙(二零零一年：4.5港仙)。

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BUSINESS REVIEW

The Electronics Manufacturing Services ("EMS") division

The financial year ended 31st March 2002 was challenging in view of the sluggish world economy and the September 11 terrorist attacks in the USA.

Despite exceptionally difficult market conditions, the EMS division still achieved solid performance. While sales turnover fell by a modest 0.3%, gross profit margins still grew by 1%. The Group's sizeable operating scale coupled with the enlarging vertically integrated production bases enable it to consistently increase profits through greater efficiency, tight cost control and economies of scale.

The EMS division accounts for 93% of the Group's total turnover, compared with 90% of that in the previous year.

The steady performance in turnover reflected consistent demand for mass market home audio products, especially in the US and European markets. The September 11 incident has further made US consumers more family and commodity-oriented. Their purchases were mostly restricted to basic and in-home items at the expense of luxury goods. Shoppers generally favoured discount merchandisers over department stores and upscale retailers.

The Group also expanded geographically. During the year under review, US was still the major market of the Group. The US market accounted for 60% of total turnover, down 1% year-on-year, while European sales made up 20% of total turnover, up 2% from last year and the Group successfully increased its European sales and extended its reach to the markets of France and Italy.

The Group has also solicited new customers including a leading Germany electronics conglomerate and a major French retailer.

The Group broadened its product line during the year under review. The Group always emphasises moving towards higher-margin products at one end of the product spectrum, while ensuring goods are competitively priced at the other end of its product line-up. Its new products include home theatres, digital

業務回顧

電子製造服務(「EMS」)部門

鑑於全球經濟衰退及「九一一」美國恐怖襲擊事件，截至二零零二年三月三十一日止財政年度乃充滿挑戰的一年。

儘管面對困難之市場環境，EMS部門仍表現理想。即使銷售額輕微下跌0.3%，但毛利率仍增加1%。本集團之大型營運規模及擴大垂直綜合生產基礎讓本集團可憑藉更高之效率、嚴謹之成本控制及規模經濟以達致持續增加溢利之目標。

EMS部門佔本集團總營業額之93%，去年則佔90%。

從營業額之穩定表現可見大眾化家庭音響產品一直具有龐大之市場需求，特別是於美國及歐洲市場。美國發生「九一一」事件後，消費模式更趨向以家用及日常用品為主。消費者所購買之產品大部份為基本生活所需及家居用品，而對奢侈貨品之消費意慾則大大減卻。而顧客一般亦較偏向於大型折扣零售商購物，而非百貨公司及高檔商店。

本集團亦進行地域擴展。於回顧年度，美國仍為本集團之主要市場，美國市場佔EMS部門總營業額之60%，跌幅為1%；而歐洲之銷售額則佔EMS部門總營業額之20%，較去年上升2%。本集團亦成功增加於歐洲之銷售額，並將業務伸展至法國及意大利。

本集團亦物色及爭取新客戶，其中包括德國之著名電子綜合企業及一家法國主要零售商。

本集團於回顧年度已增加其產品種類。本集團一方面不斷致力生產較高利潤產品；另一方面亦確保產品之價格相宜。新產品包括家庭影院、數碼相機及數碼影碟機。鞏固之客戶關係為達致理想業績之根基。本集團之客戶及業務伙伴覆蓋世界各地主要大型零售商，而其原

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cameras and DVD players. Strong customer relationships have underpinned a good performance and the Group's clients and business partners comprise a cross-section of the world's top retailers, while its Original Design Manufacturing operations (ODM) service some of the world's top consumer electronic brands.

Motorcycle division

The Motorcycle division's sales decreased by HK\$91 million. Sales of motorcycle engines parts fell sharply, reflecting keen competition in the PRC motorcycle engine market. In foreseeing the ever challenging market competition, the Group caused to adapt more proactive market penetration strategy whereby starting from last year, the Group shifted its focus to design assembly set of motorcycles and sell motorcycle parts. This year the Group planned to transplant its successful vertical integration experience, that has underpinned its EMS division, into its motorcycle operation. Initially it started with the construction of a new vertically integrated motorcycle plant in Dongguan, the PRC and the new production plant also accommodated production capacity for the PRC's motorcycle assembly customer designated for the motorcycle parts sold by the Group. The first phase of construction of the production plant by the Group was completed in February 2002. Phase one of the new production plant with a gross floor area of approximately 29,000 square meters commenced operation in March 2002.

Although the motorcycle division was facing a difficult year, the division still recorded an operating profit of HK\$11 million, a 61% decrease compared to last year. Profitability suffered in the face of much weaker sales. The Group sold some fixed assets in Taiwan and reduced the capital of a Taiwanese subsidiary. This resulted in an one-off loss of about HK\$3.6 million in total.

Its product line now includes four-stroke 100cc, 125cc, 150cc and 175cc engines and motorcycle parts and the Group plans to build up its own brand, "Tontse" through aggressive marketing and promotional activities such as television advertisements in the PRC.

The Group's new plant should help the Group to deliver better profit margins, better order fulfillment and better synergies of the Motorcycle division as with the EMS division. The Group expects stable growth in the PRC motorcycle market, where demand is around 10 million units annually.

設計製造業務(ODM)亦為部份世界著名消費電子產品客戶提供服務。

電單車部門

電單車部門之銷售額下跌91,000,000港元。電單車引擎配件之銷售額大幅下跌，反映中國電單車引擎市場競爭激烈。鑑於未來將持續面對競爭激烈之市場環境，本集團已採取更積極之市場滲透策略。自去年開始，本集團已致力設計電單車全套配件組合及銷售電單車配件。於本年度，本集團計劃將已成功應用於EMS部門之垂直綜合生產經驗作為其電單車業務之藍本。首先，於東莞建設新垂直綜合生產之電單車廠房，此新建廠房亦配合及提供中國電單車全套配件組合客戶所需之配套。本集團生產廠房第一期之建築工程已於二零零二年二月竣工。新廠房第一期之建築面積約為29,000平方米，並於二零零二年三月投入生產。

儘管電單車部門面對艱難之一年，但仍錄得經營溢利11,000,000港元，較去年下跌61%。因銷售大幅下跌致使溢利能力亦受到影響。本集團已出售位於台灣之若干固定資產，及削減其於台灣附屬公司之股本，導致錄得合共約3,600,000港元之一次性虧損。

現時之產品系列中包括100cc、125cc、150cc及175cc引擎及全套電單車組合配件。本集團計劃建立自有之品牌，「Tontse」，並於中國透過積極之市場推廣策略及宣傳活動如電視廣告，將品牌引進市場。

本集團之新廠房將可為本集團帶來更佳之邊際溢利、更多之訂單及令電單車部門及EMS部門達致更有效之協同效益。本集團預期中國電單車市場將穩定增長，預計每年之需求約可達至10,000,000部。

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Manufacturing and capital spending

During the year, the Group expanded its fully integrated production facilities. The Group purchased 40 new plastic injection machines, which increased overall production capacity and reduced subcontracting charges. The Group has also launched a multi-layer printed circuit board operation. Two advanced four-colour and two-colour printing presses were installed. Certain auto-insertion machines and SMT machines were added to increase the automation capacity. The overall manufacturing capabilities are enhanced accordingly. Total capital expenditure for the year was HK\$164 million, out of which HK\$45 million and HK\$38 million were invested in the development of electronic industrial city and motorcycle plant respectively. The Group also acquired plant and machinery of HK\$51 million and invested in moulds of about HK\$24 million.

Employee information

As at 31st March 2002, the Group employed a total of 143 employees in Hong Kong (2001: 133) and approximately 23,000 in the PRC (2001: 20,000). Remuneration packages are closely linked to the market, and are based on individual merit and performance. Salaries and wages are normally reviewed annually. Bonuses to management reflect both individual merit and their Group unit's performance.

Staff benefit plans for the Hong Kong staff include a provident fund scheme and medical and life insurance. In the PRC, the Group provides medical treatment, lodging, free amusement facilities and a meal subsidy to all employees, and personal accident insurance for selected employees. The Company maintains a Share Option Scheme, under which share options are granted to selected eligible executives and employees. This Share Option Scheme is designed to give employees both an incentive to perform and a stake in the company.

製造及資本開支

本年度內，本集團擴張其垂直綜合生產設施。本集團添置四十台塑料注模機，藉以提升整體生產能力及減低外判加工費用。本集團亦推出一項多層印刷線路板業務，並裝設兩部先進的四色及雙色印刷機。集團亦添置若干自動電插機及自動貼片機器，以加強其生產自動化。整體之生產力亦因而得以提升。本年度之資本開支總額為164,000,000港元，其中45,000,000港元及38,000,000港元分別作投資發展電子工業城及電單車廠房之用。本集團亦添置51,000,000港元之機器及設備及投資約24,000,000港元於模具生產。

僱員資料

於二零零二年三月三十一日，本集團於香港之僱員總數為143名（二零零一年：133名），而於中國之僱員總數則約為23,000名（二零零一年：20,000名）。酬金一般參考市場標準及個別員工資歷及表現而釐定。薪金及工資一般於每年作出檢討。本集團亦向個別有良好表現及對本集團有貢獻之管理層人員發放花紅。

本集團向香港員工提供之福利計劃包括公積金計劃及醫療與人壽保險。本集團在中國為所有員工提供醫療、住宿、免費娛樂設施及膳食津貼，並為經挑選之僱員提供個人意外保險。本公司仍保留一項購股權計劃，據此可向經挑選之合資格行政人員及僱員授出購股權。此購股權計劃旨在激勵僱員提供更優越之表現及作為本公司之一項權益。

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PROSPECTS

The EMS Division

Based on the growing consumer demand and the rapid inventory adjustment in the United States, the market recovery will lead to a fresh, cyclical rebound in production demand. Orders for consumer electronics and home entertainment products were solid during Christmas 2001, the benefit arises from which will flow through back to cost effective and efficient EMS players. The Group has recorded a double-digit sales growth in the first quarter of financial year 2003. Home audio products remain the key driver of the Group's revenue growth. With the growing popularity of digital products including DVD players, their sales will take off and provide the recent growth impetus for the Group. To cope with current production requirement, 12 audio production lines and one DVD player production line will be added to increase the overall capacity before July 2002.

For further production expansion in future, the Group will build a new industrial estate in Qingyuan, the PRC. The site area is about 660,000 square meters. With the completion of Phase one of the construction, the production area will be increased by 13,000 square meters. 10 assembly lines will be added and operations will commence in the third quarter of 2003.

In this regard, the Group believes that a major driver of earnings growth in the foreseeable future will be the Group's scale operations. The Group will also further vertically integrate certain of its manufacturing processes, such as electroplating, flexible PCB, springs, labels and paper packaging that are essential parts to the EMS operations.

Motorcycle Division

With new production capacity available in the first quarter of 2002 and the formulation of more pro-active marketing, the Group expects recovery of the sales on the horizon.

A key emphasis of the Group's motorcycle strategy is vertical integration and stringent cost control. Emulating the successful formula of its EMS division, the Group plans to carry out more component production in-house in place of the subcontracting of certain processes, such as spray painting, coating and lacquering. Lower costs should enable the Group to compete more effectively, leading to higher market share. Rapid increases in production should bring better economies of scale.

前景

EMS部門

鑑於美國之消費者需求不斷增加及快速作出存貨調整，市場復甦將帶來一個全新及週期性反彈之產品需求。於二零零一年聖誕節，消費電子產品及家庭娛樂產品之訂單取得甚佳成績，而此需求將延續及轉向具有成本效益及高效率之生產商。本集團於二零零三年財政年度首季錄得雙位數字之銷售增長。家庭音響產品仍為本集團收益增長之主要來源，加上數碼產品如數碼影碟機日趨普及，該等暢銷產品將成為本集團將來發展之動力。為配合現時之生產需求，集團將於二零零二年七月前增添12條音響生產線及一條數碼影碟機生產線，以加強整體生產力。

為未來進一步之生產發展作好部署，本集團將於中國清遠市興建新工業邨，有關土地面積約為660,000平方米。於第一期建築工程竣工後，生產廠房之面積將增加13,000平方米。此外，亦將增添10條裝配生產線，並將於二零零三年第三季投入生產。

從上述可見，龐大之營運規模將成為本集團主要盈利增長來源。本集團亦將於其若干生產過程如電鍍、軟性印刷線路板、彈簧、標籤及紙品包裝等EMS營運之基本生產工序中進一步進行垂直綜合生產。

電單車部門

鑑於新廠房於二零零二年首季投入服務及憑藉積極部署之市場策略，本集團預期營業額應可取得改善。

本集團電單車業務之主要策略為垂直綜合生產及嚴謹之成本控制。參照EMS部門之成功部署後，本集團計劃由內部自行開發更多內部之元件生產工序以取代若干外判加工生產工序，如噴漆、塗漆及焗漆。本集團可憑藉較低之成本於競爭方面盡佔優勢，藉以增加市場佔有率，並透過增加生產力以達致最佳之規模經濟效益。

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With PRC's accession to the World Trade Organisation (WTO), the Group will review its business model and will adapt as necessary to take advantage of opportunities come up.

The Group continues its Phase Two development of the motorcycle plant with gross floor area of about 23,000 square meters, which is expected to be completed by the end of 2002.

The Group has expanded and upgraded production facilities at its EMS and motorcycle divisions as well as investing in new product development. The benefits of these investments in the form of improved sales and profit margins should start to flow through in the 2002/2003 year.

APPRECIATION

Finally, on behalf of the Group, I would like to express our gratitude to our shareholders and business associates for their support and to our employees for their continuing loyalty, hard work and dedication to the Group.

By order of the Board
Lam Man Chan
Chairman

Hong Kong, 8th July 2002

於中國加入世界貿易組織（「世貿」）後，本集團將審閱其業務模式，並將實施一切所需之應變措施以抓緊中國加入世貿所帶來之商機。

本集團繼續發展第二期之電單車廠房，建築面積約為23,000平方米，並預期將於二零零二年底完成。

本集團已拓展及提升EMS及電單車部門之生產設施，並投資發展新產品。此等有助改善銷售及邊際溢利之投資定可於二零零二／二零零三年度為本集團帶來裨益。

致謝

最後，本人謹代表本集團對一向支持吾等之股東及業務友好衷心致謝，同時亦感謝本集團僱員一直以來盡忠職守、辛勤工作、竭誠服務。

承董事會命
林文燦
主席

香港，二零零二年七月八日