

MANAGEMENT DISCUSSION & ANALYSIS

管理層研究 及分析



營商環境

管理層對集團之經營業務前景充滿信心，特別在教育及無線通訊產品市場，於未來將可持續有可觀的增長。但與此同時，市場上競爭將更為激烈，集團以及行內其他企業將同時面對世界級及國內優秀企業的直接競爭，企業必須準確掌握市場脈搏，並即時作出反應去迎合市場需求才能增加更大的發展空間。

BUSINESS ENVIRONMENT

The management is optimistic about the prospects of the Group's business. It is expected that continuing remarkable growth will be seen in the market of education and wireless communication products in the future. Meanwhile, the market competition is becoming more and more keen, the Group and its counterparts have to directly compete with international and domestic outstanding enterprises. In order to strive for a larger room for development, enterprises should keep abreast of the latest market trend and give quick responses to cater for the needs of the market.

管理層研究及分析

Management Discussion & Analysis

營商環境 (續)

至於中國政府與香港落實簽訂更緊密經貿關係協訂(「CEPA」)，對香港配合珠三角發展絕對有利。隨著CEPA的簽訂，中國政府對香港部份產品實施零關稅，連同其他投資門檻的放寬，對整體營商環境均有正面影響，同時吸引更多海外上、下游工業來港投資。管理層相信，配合以上有利因素，香港加上珠三角將成為最有競爭力的世界級電子資訊產品開發及生產基地。

二零零三年初因非典型肺炎(「SARS」)事件的發生，對電子資訊產品業亦帶來一定打擊，但另一方面，因SARS的出現，令市場上一些過份投資的不良風氣有所放緩，出現汰弱留強的現象，重新整合整個電子資訊產品市場。另外，市場上人力資源亦較充裕，有利產品發展及開發、市場開拓及有效控制成本，為集團未來的擴展提供有利的條件。

財務檢討

集團全年營業額錄得1,147,600,000港元，相對前年同期的977,800,000港元增加了17.4%。年度內手提電子產品及原件設計生產(「ODM」)業務分別錄得31,500,000港元及138,400,000港元之增長，營業額分別為781,200,000港元及366,400,000港元。

BUSINESS ENVIRONMENT (Continued)

Upon the signing of Closer Economic Partnership Agreement ("CEPA") between Hong Kong and the Mainland, economic cooperation between Hong Kong and Pearl River Delta will further be promoted. CEPA signing also means that certain kinds of Hong Kong-made products can enjoy zero import tariff. The lifting of investment restrictions and opening of market not only favours the business environment but can also attract investment from overseas upstream and downstream industries. The management believes that with all these factors, Hong Kong and Pearl River Delta will become the powerful development and production bases for world-class electronics information products.

Severe Acute Respiratory Syndrome ("SARS") outbreak in early 2003 caused adverse impact to the electronics information products industry. The pace of over-investment has slackened amid SARS panic. Under such environment, only strong enterprises could stay in the market. The result was a restructure of the electronics information products market. The abundant supply of human resources, is also beneficial to the Group in the development of new products, opening up of new markets and the implementation of cost control measures in a more effective and efficient way. All these builds a solid foundation for the Group's further development.

FINANCIAL REVIEW

Turnover of the financial year is HK\$1,147.6 million, which is 17.4% higher than the HK\$977.8 million of the previous year. During the year under review, handheld electronics products business and original design manufacturing business ("ODM") recorded growth of HK\$31.5 million and HK\$138.4 million respectively, resulting in turnover of HK\$781.2 million and HK\$366.4 million.

管理層研究及分析

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財務檢討 (續)

集團全年經營溢利合共42,400,000港元，此已扣除5,700,000港元的投資撥備。達致稅前溢利的支出及撥回包括三個項目：融資成本13,000,000港元，包括利息支出4,800,000港元及優先股之贖回溢價預提8,200,000港元；攤分聯營公司之虧損200,000港元；及出售傳呼機業務錄得盈利800,000港元。稅前溢利為30,000,000港元。計算少數股東權益及稅項撥回後之溢利為43,100,000港元。

資產負債表方面，庫存及應收賬分別減少了16.9%及28.1%至138,500,000港元及82,200,000港元。此乃為各SBU管理層於年內致力減低應收賬款及庫存的成果。

銀行及現金結餘包括銀行存款為182,000,000港元，淨現金結餘(即銀行存款餘額扣除銀行透支等)為93,400,000港元，較前年的78,800,000港元增加18.5%。能鞏固現金結餘乃歸功於年內充裕的現金流入所致。由經營業務所產生的淨現金收入為106,300,000港元(二零零二年：淨現金流入72,400,000港元)，主要來自持續經營業務的盈利及應收賬之減少。

總銀行借貸由前年的133,300,000港元，減少至56,100,000港元。銀行借貸中，約64.2%或36,000,000港元為短期借貸，如出入口票據，將於一年內到期，其餘20,100,000港元的長期借貸則於一年後到期，銀行借貸的償還年期及抵押資料刊載於財務報表附註25，所有銀行借貸利息均按浮動利率計算。管理層將繼續致力與主要往來銀行維持密切關係，以確保其對集團的長期支持。

集團的資產負債表已較前年更為穩健，為集團的長遠發展定下強而穩固的基礎。

FINANCIAL REVIEW (Continued)

Operating profit for the year is HK\$42.4 million, after deducting HK\$5.7 million of provision against investment. There are three items of charges/credits before arriving at the profit before taxation. Finance cost amounts to HK\$13.0 million that includes interest cost of HK\$4.8 million and accrual of redemption premium on preference shares of HK\$8.2 million. The other two items are: share of loss of associated companies of HK\$0.2 million and gain on disposal of pager business of HK\$0.8 million. Profit before taxation is HK\$30.0 million. After taking into account of taxation charge and minority interest, profit attributable to shareholders is HK\$43.1 million.

On the balance sheet side, inventories and accounts receivable had been reduced by 16.9% and 28.1% to HK\$138.5 million and HK\$82.2 million respectively. This is a direct result of the enormous effort of the SBU management in reducing of these two items.

Bank balances and cash (including bank deposits) amounts to HK\$182.0 million. Net cash (i.e. after deducting bank overdraft from balances of bank deposits) is HK\$93.4 million that is 18.5% higher than the HK\$78.8 million in previous year. The solid cash position is the result of a very strong cash flow during the year. Net cash inflow from operation is HK\$106.3 million (2002: net inflow of HK\$72.4 million) that is attributable to the profitable operation in continuing business and the reduction in accounts receivable.

Total bank borrowings decreased to HK\$56.1 million from HK\$133.3 million in previous year. Among the bank borrowings, about 64.2% or HK\$36.0 million, are short-term borrowings such as trade bills that are to be due within a year. The remaining HK\$20.1 million are long-term finance that are to be due beyond one year. Maturity and security profile of bank borrowings is contained in note 25 to the financial statements. All bank borrowings are on floating rate basis. The management continue to maintain a very close working relationship with the Group's bankers to ensuring their continuing support.

It is noted that the balance sheet of the Group is much healthier than the previous year and is setting a strong and solid foundation for future growth.

管理層研究及分析

Management Discussion & Analysis

財務檢討 (續)

流動資金及財務資源

集團於二零零三年三月三十一日止有銀行結餘及現金總額約182,000,000港元，對比二零零二年三月三十一日的結餘減少了3,200,000港元或2%。而同期的銀行總借貸由133,300,000港元下降至56,100,000港元，減少了58%。

期間淨銀行及現金結餘增加，皆歸功於經營業務所產生的淨現金收入，及持續減低存貨及應收賬。

銀行總借貸的64%，即36,000,000港元，屬於一年內須償還的短期借貸。其餘20,100,000港元，乃屬一年後須償還的長期借貸。

集團的負債比率，按定義為總銀行借貸除以股東權益，由前年的33.6%減低至12.8%。

物業及資產抵押

集團於年內並無購置或出售任何物業。

集團將若干資產抵押予銀行，作為銀行一般融資的擔保。於二零零三年三月三十一日，該等抵押資產的賬面值約102,600,000港元，較去年減少21,700,000港元。

或然負債

於二零零三年三月三十一日，集團有約15,800,000港元的有追索權之銀行貼現票據及500,000港元的有追索權之貼現應收賬，比對去年分別增加約6,500,000港元及減少約6,600,000港元。

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources

Bank balances and cash amounted to HK\$182.0 million as at 31st March, 2003, which is HK\$3.2 million or 2% lower than that as 31st March, 2002. Total bank borrowings decreased from HK\$133.3 million to HK\$56.1 million, a drop of 58%, during the twelve months period.

The improvement in liquidity is a result of the positive cash inflow from operating activities and continuous effort in reduction of inventories and trade receivables.

Majority of the bank borrowings, around 64% or HK\$36.0 million, are short term borrowings that are to be due within one year. The remaining HK\$20.1 million are long term borrowings that are to be due after one year.

Gearing ratio, defined as total bank borrowings divided by shareholders' funds, of the Group reduced to 12.8% from 33.6% a year ago.

Properties and Charge on assets

There was no addition or disposal of properties during the year.

Certain assets are pledged as security for general banking facilities granted to the Group. As at 31st March, 2003, the carrying value of the assets pledged is HK\$102.6 million which is HK\$21.7 million lower than that of the previous year.

Contingent Liabilities

As at 31st March, 2003, trade bills discounted to banks with recourse and factoring facilities with recourse amounted to HK\$15.8 million and HK\$0.5 million respectively, which are HK\$6.5 million higher than and HK\$6.6 million lower than those of the previous year respectively.

管理層研究及分析

Management Discussion & Analysis

財務檢討 (續)

外匯及財經政策

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。

出售一附屬公司

於二零零二年九月，集團通過轉讓一附屬公司，盛華通訊技術有限公司之全部權益，出售所有有關傳呼機業務之資產及債務予一家總部設於北京的公司。因集團已於截至二零零二年三月三十一日止之財政年度內，將該附屬公司的所有資產減值至30,000,000港元，即該交易之預計交易價，固該出售並不會對集團截至二零零三年三月三十一日止之損益表帶來重大影響。

FINANCIAL REVIEW (Continued)

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.

Disposal of a Subsidiary

In September 2002, the Group disposed of all its assets and liabilities related to the pager business to a Beijing-based company through the transfer of the entire interest in a subsidiary called CHINA ELITE Communication Company Limited ("CHINA ELITE"). As all the assets have already been written down in the accounts for the year ended 31st March, 2002 to HK\$30.0 million, i.e. the expected proceed, the disposal of CHINA ELITE did not give rise to any significant impact on the income statement of the Group for the current financial year ending 31st March, 2003.

ELECTRONIC DICTIONARY

電子辭典

電子辭典

業務回顧

本SBU於二零零二／零三財政年度錄得營業額為619,000,000港元，相對前年同期上升19.9%，仍然為集團之最大收入來源。中國內地市場競爭仍然激烈，隨著推行價格政策及在中國主要城市舉行宣傳活動，其銷售量錄得滿意的增長，以中文為主的產品仍佔營業額的最大份額。無可置疑，中國大陸的電子辭典市場潛力優厚，在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。



ELECTRONIC DICTIONARY SBU

Performance Review

For the financial year 2002/03, turnover of the SBU was HK\$619 million, representing an increase of 19.9% as compared with the corresponding period last year and it still remained the largest income source to the Group. Despite the vigorous competition in Mainland China market, the implementation of price policy and the launch of various promotion campaigns in major cities resulted in a satisfactory increase in the Group's sales volume. The Chinese-based products were still the largest contributors to the turnover. Undoubtedly, the electronic dictionary market in Mainland China has great potential. Under the backdrop of rapid economic development, the demand for excellent language learning devices is ever-increasing, which in turn drive up the demand for electronic dictionaries.

管理層研究及分析

Management Discussion & Analysis

電子辭典

業務回顧

有見及此，過去一年，本SBU置力開發具有嶄新功能的產品以配合市場需要，例如全球首部彩色發聲電腦辭典，獨有65,536色高亮度彩色顯示屏，透過彩色插圖及圖解，更能提升學習興趣。在改善辭典內容方面，負責版權及專利授權的部門，不斷搜尋適合不同用家的辭典，年度內，集團獲得上海一家著名的出版社授權使用其一系列英漢及漢英辭典，該型號辭典亦已經推出市場，銷售情況理想。



除此之外，年度內推出的MD6250、新英漢2380及牛津3880，均為中檔至低檔產品，這些產品完全配合集團的策略性計劃，主攻中低檔市場，以擴大集團在該等市場的佔有率。再加上更多增值功能，如MP3及相片下載功能，更令傳統電子辭典提升為集增進知識及消閑娛樂的電子語文學習工具。

管理層深信集團的品牌將繼續在電子辭典行業中保持領導地位，同時亦將透過在零售市場加強推廣活動以進一步鞏固品牌的地位；並且繼續擴充銷售隊伍，力求擴闊銷售網絡及掌握商機。

ELECTRONIC DICTIONARY SBU

Performance Review

For this reason, over previous year the SBU devoted its efforts to the development of products with brand-new performance in order to meet the market's needs. For example, the first colourful electronic dictionary with real voices launched in the world features a unique 65,536 colours highlight display, which can arouse learning interest through colourful pictures and illustrations. Regarding the improvement of the dictionaries' contents, the staff in the licensing department looked up all available sources to locate newer and better dictionaries to answer the diverse needs of different users. During the year under review, the Group secured a licence from a reputable publisher in Shanghai for the use of a series of English-Chinese dictionaries and Chinese-English dictionaries. This line of dictionaries has already been launched and has been well sold.



The mid- and low-end products, MD6250, New EC2380 and Oxford 3880 introduced during the year met the Group's strategic plan. By focusing on the mid- and low-end markets, the Group's market share could be enlarged. Value-added features, such as MP3 and photos download made the traditional electronic dictionaries a language learning device with a perfect combination of education and entertainment functions.

The management strongly believes that the Group's brand will remain the leading position in the electronic dictionary industry. Through increasingly promotion in the retail market, its leading position can be strengthened. The Group will continue to enlarge its sales force to broaden the sales network and capture more business opportunities.

管理層研究及分析

Management Discussion & Analysis

電子辭典 (續)

業務回顧 (續)

由於香港的經濟仍然低迷，營商環境仍然激烈，再加上「非典型肺炎」影響，零售市場更可以說是雪上加霜，銷售量受到一定程度的影響。海外市場方面，受中東戰事影響而令銷售放緩，但隨著戰事結束，相信中東市場會逐漸復甦。而東南亞市場方面，由於本土經濟保持平穩，故錄得穩定的增長。

整體而言，縱使營商的競爭仍然激烈，本SBU提高了在主要市場的營運效率，令整體邊際利潤得以提高。

展望

在產品開發方面，隨著中國內地對優質英語學習工具的需求不斷增加，預計電子辭典將逐漸成為學生及學習語文人士之重要工具，有見及此，本SBU正不斷致力在電子辭典中增加語文學習內容，集團亦與北京一家著名的英語學習機構合作開發一系列具英語學習功能的電子辭典，預計將於第三季首先推出市場。藉著雙方在各自市場上的優勢，相信定能取得卓越成績。除此之外，本SBU亦將會推出英漢、漢英雙向全句翻譯功能的電子辭典，管理層相信，隨著科技進步及用家對電子辭典不斷求新求變的要求，集團將投入資源開發更多更新的产品，以滿足用家需要。



ELECTRONIC DICTIONARY SBU (Continued)

Performance Review (continued)

The stagnant Hong Kong economy, vehement business environment, together with the adverse effect caused by SARS, the retail market in Hong Kong was getting worse and worse and sales volume suffered to some extent. On overseas market front, the Iraq War slowed down the sales, however, it is believed that the Middle East market would revive after the War. In Southeast Asia market, the domestic economy sustained smooth and showed a steady growth.

On the whole, even if business competition was still intense, the SBU has improved business efficiency in its main market so that the profit margins will be increased.

Outlook

As for product development, with the ever-increasing demand for high quality English-learning devices in Mainland China, it is expected that electronic dictionaries are turning to be the critical learning devices for students and those who study languages. In view of this, the SBU has been focusing on enriching electronic dictionaries with contents of language-learning. The Group is co-operating with a reputable

English-learning institution in Beijing to develop a series of electronic dictionaries with the function of English learning, which will be launched in the third quarter. Coupling with the strengths of both parties on the market, it is envisaged that better results will be attained. In addition, the SBU will introduce electronic dictionaries embedded with the function of sentence translation both in English-Chinese and Chinese-English. With the advancement in technology and the users' ever-changing demands for new electronic dictionaries, the Group will continue to make significant investment in developing more new products to meet the users' needs.

管理層研究及分析

Management Discussion & Analysis

電子辭典 (續)

展望 (續)

除了加強產品的嶄新功能及豐富其內容外，本SBU仍會加強成本控制，以提升產品的市場競爭力，將繼續於高檔的發聲電子辭典內採用專用集成電路。專用集成電路的好處是可把不同功能的微型晶片，如運算、記憶、合成發聲及資料庫等，結集於一個晶片上，詳省空間之餘亦能減低成本。而在其他產品上亦會嘗試採用專用集成電路，使得產品外型更小更薄，更具競爭力。

此外，在上半年亦開始嘗試在香港推行「客戶關係管理系統」，該系統以業務策略概念去開創及保持與最有價值客戶的關係，從而提升市場推廣、銷售及服務方面之表現。倘若該系統試行成功，運作良好，將會在下年度於中國市場上實施。

ELECTRONIC DICTIONARY SBU (Continued)

Outlook (continued)

Besides enhancing new functions and enriching contents, the SBU will also tighten its cost control to increase the market competitiveness of products, and continue to apply the ASIC (Application Specific Integrated Circuit) in high-end electronic dictionaries with real voices. ASIC is of benefit to combine all micro-chips with different functions such as computation, memory, text-to-speech and database into a single chip to save space and reduce cost. For other products, the use of ASIC is in a testing stage. By so doing, the form factor of the products becomes smaller and thinner, thereby increasing their competitiveness.

Furthermore, system on "Customers' Relationship Management" has been implemented in first half year in Hong Kong, which creates and maintains relations with most valuable customers through business strategy. By introducing the system, promotion, sales and services can be improved. If such pilot system is successful and goes on well, it will be put into practice in Mainland China market in second half year.

PDA

個人數碼助理

個人數碼助理 (PDA)

業務回顧

集團 SBU 業務全年營業額為 162,200,000 港元，相對前年同期輕微上升 10.7%，儘管營業額錄得升幅，惟中國內地 PDA 的市場仍然疲弱，市場需求隨著以 PDA 作為禮品的市場下降，再加上競爭對手以減價速銷以爭取逐漸萎縮的市場，導致邊際利潤下降及產品週期縮短，經營更加困難。在僧多粥少的情況下，無疑必須經過汰弱留強的階段，一些在技術發展及功能創新方面未能滿足用家需求的個別品牌，已先後退出這個競爭激烈的市場。



PDA SBU

Performance Review

The annual turnover of the SBU was HK\$162.2 million, representing a slight increase of 10.7% as compared with the corresponding period last year. Despite the growth in turnover, Mainland China market was still soft. The shrinking of the PDA giftware market was followed by the declining market demand. In order to enlarge the market share, competitors adopted price reduction strategy, which further decreased margin profits and shortened product cycle. Thus, operation became more and more difficult. Owing to demand over supply, the strong enterprises usually dominate the weak ones. As such, certain brands, which could not satisfy the customers' needs in respect of the technological and functional upgrading, phased out one by one from the market under vehement competition.

管理層研究及分析

Management Discussion & Analysis

個人數碼助理 (PDA)

業務回顧

可喜是縱使PDA的市場仍然疲弱，但憑著產品的新穎設計、開放式平台系統、擴大產品組合及為新產品重新定位，以迎合最新市場趨勢及用家需求，集團的市場佔有率於年內仍得以大大提升。期間推出V系列的多部PDA，包括具備彩色顯示屏及照相功能的V98C，及具有16mb特大容量及聲音錄播功能的V88R。此兩款PDA在大中華地區深受歡迎，帶動市場對多功能PDA的需求。此外，具多功能的低檔型號，由於價格相宜，用家普遍認為產品物超所值，故容易被一般用家接受。

此外，傳統PDA禮品市場亦逐漸由真正用家及行業市場所取替。為配合市場變化，集團於過去一年亦致力開發獨特的PDA產品以迎合市場需要。

至於無線數據通訊業務方面，集團於二零零一年在中國大陸推出首部中文顯示GSM PDA 及其後推出的第二代改良版，由於體積較大，普及性不足，成績未如理想。但在開發過程中獲得的寶貴知識、技術及經驗，為未來研發彩色顯示屏的智能手機(Smartphone)製造優越條件。

隨著技術的提升及市場需求，可以肯定的是由數據主導的通訊模式將逐漸普及。短訊服務(SMS)的使用已經普及，而由於多媒體信息(MMS)的技術更能發揮PDA在流動通訊上的優勢，故此，本SBU仍然會朝著這個方向發展。

PDA SBU

Performance Review

The novel design, open operating system and diversified product mix that cater for the needs of market and customers, together with the repositioning of new products increased the Group's market share significantly even in the sluggish PDA market. During the year, the Group launched V-series PDAs, including V98C featuring colour display and camera, and V88R featuring 16mb memory and audio functions. These two models were highly popular in Greater China Region, which boosted the demand for all-in-one PDAs. As the price of low-end models with multifunction was reasonable, such models were highly received by users.

In addition, traditional PDA giftware market has gradually been replaced by user market and vertical market. The Group made great efforts in developing unique PDA products to keep up with the market trend and satisfy the market needs.

Concerning wireless communication business, the Group launched its first Chinese Language GSM PDA in Mainland China market in 2001 and the second upgraded version. Owing to the large size, the product was not as popular as predicted. However, product know-how, technology and experience gained during the development process paved the way for the research and development of Smartphone with colour displays.

Under the backdrop of technological advancement and increasing market demands, it is almost certain that data-oriented communication modes will become popular. While SMS is well received, MMS technology can even leverage more on the advantages of mobile communication. For this reason, development and enhancement of MMS technology will be the main focus of the Group's strategy in years ahead.



管理層研究及分析

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個人數碼助理 (PDA)

展望

預料隨著PDA市場的競爭漸趨正常化，營業額將會有溫和的增長，而產品價格、功能及質素仍然是買家挑選產品的主要考慮因素。

由於PDA業務仍處於投資階段，集團將繼續投放資源在技術研究及市場銷售渠道及品質建立上，確保產品能領先同儕，保持長遠的競爭力。憑著產品研究及開發方面的持續投資，管理層預期透過不斷推出嶄新、富創意及優質之產品，於未來能成功地增加市場之滲透力及產品為廣大客戶所歡迎。

此外，集團亦將致力開拓國內行業市場，物色真正的PDA用家，並為他們提出符合其獨特需要之PDA產品，為PDA業務再開展新的商機。

管理層深信本SBU不斷提高產品的競爭力才是長遠的致勝策略，因此集團不斷努力去建立策略性技術合作夥伴，於去年十二月與PalmSource, Inc. 合作開發以中文Palm操作系統為平台的智能手機 (Smartphone)，透過雙方的通力合作，在短短半年時間成功研製的首部產品，亦快將推出市場，相信將成為PDA業務的主力產品，而未來一系列的智能手機 (Smartphone) 將會相繼投入市場。除此之外，集團亦會繼續開拓其他市場。集團相信藉著與擁有一級技術的國際公司合作，將會令集團更具競爭力，從而達到雙贏的局面。



PDA SBU

Outlook

As predicted that the competition of PDA market is becoming normal, the turnover will see a moderate increase, while the price, function and quality of the products are still the main considerations for the customers.

As PDA business still remains on the investment stage, the Group will continue to place more resources in technology research, sales channels development and quality control so as to strengthen the leading position and long-term competitiveness of its products. By continuing investment in product research and development, it is expected that more novel, creative and high quality products will be launched, enhancing the market penetration and popularity of the products.

Great emphasis will continue to be made by the Group in capturing a higher proportion of the vertical market and to look for real PDA users. By providing customized PDA products for such users, more business opportunities for PDA business can be created.

The management believes that ongoing enhancement of product competitiveness by SBU is the driving factor for success. So, the Group steps up its efforts in forming strategic technology partnership. In December 2002, the Group joint forces with PalmSource, Inc. to develop Chinese Palm OS-based Smartphone. With close cooperation between both parties, the first product has been successfully produced in just half a year and will be put into the market soon. It is expected that Smartphone will become the critical product in the PDA business. The Group will

announce a wide range of Smartphone in near future and continue to open up new markets. By capitalizing on the strengths of partnering with the high-tech international company, a win-win situation can be achieved in areas of product design and technological innovation, thereby enhancing the Group's competitiveness.

ODM

完件設計生產

原件設計生產 (ODM)

業務回顧

SBU於年內致力拓展高增值業務，並加強與策略業務夥伴合作。經不斷努力，銷售收益及純利均較去年顯著增加138,400,000港元及13,900,000港元。



ODM SBU

Performance Review

Through the year, the SBU has been placing its focus on the two major areas; building up the base for profitable operation and its partnership with several strategic business partners. These focused efforts have been proven to be correct and brought remarkable growth both in sales turnover and net profit that are increased by 138.4 million and 13.9 million respectively, compared with the previous year.

管理層研究及分析

Management Discussion & Analysis



原件設計生產 (ODM)(續)

業務回顧(續)

本SBU專注為客戶設計、開發及製造一系列掌上電子產品。本SBU擁有全面之電子、電機及軟件設計能力，故能為其擁有著名品牌的客戶開發品質與設計同樣卓越且別具創新功能及外型獨特之產品。在產品設計方面的超卓能力使其可以有效地掌握及結合不同技術，研發出富創意之產品，並能滿足客戶之需求。

於下半年，SBU接獲重要的日本客戶大量訂單。SBU現正與不同地區的策略夥伴合作，共同開發新業務，計劃來年推出多種新產品。

展望

SBU承諾積極提升研發能力及生產技術，以擴大服務範圍，同時亦會削減成本，務求能全面滿足客戶所需。憑藉集團內之專業人才，將可進一步加強集團與現有客戶的策略夥伴關係，亦有助於來年與新客戶開拓新業務，使SBU的營業額得以增加。

管理層相信隨著更多公司物色提供開發及生產服務的合適業務夥伴，以增加成本效益、彈性及縮短開發時間，預期本SBU營業額於本年度將會有穩定的增長，為集團盈利作出貢獻。

ODM SBU (Continued)

Performance Review (Continued)

The business of ODM concentrates mainly on the design, development and manufacture of a wide range of handheld electronics products for its customers. By capitalizing on its comprehensive electronic, mechanical and software design capabilities, the SBU can develop products with outstanding quality and appealing design, which offer cutting-edge features and are unique in appearance for its customers with prestigious brand names. The strong product design capability enables the division to effectively harness various technologies and combine them to create innovative products, which cater for different customers' demands.

In particular, the SBU has attained sizable orders from its focused customers in Japan in the second half of the year, while new business with new strategic partners in different regions and different categories of products are actively discussed for the launch in the coming year.

Outlook

The SBU is committed to continue greater effort to enhance the R&D capability and new manufacturing technology to differentiate its service, as well as continuous cost reduction in order to obtain maximum satisfaction by customers. It is believed that such effort by expert members in the team will further tighten the strategic partnership with current customers, and also result in the starting of new business with new customers in the coming years. This will boost the SBU's business volume continuously to higher level.

As more and more companies are looking for the right partners who can provide both development and manufacturing services to enhance cost effectiveness and flexibility, and to shorten the development lead time, the SBU management expects that the business volume of the SBU will show a steady growth in the current financial year and continue to make solid contribution to the Group's results.

管理層研究及分析

Management Discussion & Analysis

企業事務

公司管治

審計委員會

審計委員會成員包括獨立非執行董事及非執行董事，審核委員會每年最少兩次與高級管理層及外聘核數師審閱集團採納的會計原則及政策，檢討及評估內部監控系統、風險管理及財務匯報等事宜，並且確保集團遵守所有適用法例和規則。

為協助審計委員會履行其職責，「工作流程改善及內部審計小組」於二零零二年成立，為前線部門提供改善工作流程的意見及進行內部審計，並定期向審計委員會提交報告。

企業風險管理委員會

企業風險管理委員會成立於二零零一年，為協助董事會確定及評估各種業務運作上涉及的風險，並制定策略及推行制度以防止及管理該等風險。其下的「資訊保安工作小組」計劃以BS7799保安標準來制定保安措施，並已在公司物業範圍內加強出入保安管制，與及正在測試一套文檔管理系統。

最佳應用守則

董事會認為，本公司於截至二零零三年三月三十一日止年度內一直遵守香港聯合交易所有限公司證券上市規則附錄14所載之最佳應用守則。

投資者關係

集團一貫致力增強投資者關係，透過會議、發佈會、在集團網頁內刊載新聞稿及公佈、參觀廠房及投資者電郵通訊等方法，增加集團對投資界的透明度。

CORPORATE AFFAIRS

Corporate Governance

Audit Committee

The Audit Committee with independent non-executive directors and non-executive directors as members. The Audit Committee meets at least twice a year to review with senior management and external auditors the accounting principles and practices adopted and to discuss and evaluate internal control procedures, risk management and financial reporting matters. It also ensures that the Group complies with all applicable laws and regulations.

To assist the Audit Committee to carry out its duties, the Process Improvement and Internal Audit (PIIA) Sub-committee was formed in 2002 to provide support to line functions to improve business operations and to perform internal audit function. Internal audit report will be sent to Audit Committee periodically.

Corporate Risk Management Committee ("CRMC")

The CRMC was established in 2001 to assist the Directors to identify and assess business risks and to formulate strategies and to implement system to prevent and manage such risks. An Information Security Sub-committee was formed under CRMC which planned to adopt the BS7799 security standard and have implemented certain physical access control on company premises. A document management system for the Group is now under testing.

Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31st March, 2003.

Investor Relations

The Group is committed to enhance investor relations by increasing its transparency to the investor community. Measures taken to keep investors informed include meetings, presentations, posting of press release and announcements on the Group's website, visits to the manufacturing plant and e-mail news updates.

管理層研究及分析

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企業事務 (續)

員工關係

於二零零三年三月三十一日，本集團於香港聘有249名僱員(二零零二年: 256名)，於中國大陸聘有3,737名僱員(二零零二年: 3,260名)，而於新加坡則聘有75名僱員(二零零二年: 90名)，這與去年同期相比，三個地區分別減少約2.7%，增長約14.6%及減少約16.7%。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股份獎勵計劃。

集團定期舉行員工交流大會，使員工能了解集團狀況，並促進管理層與員工之間的雙向溝通。內聯網乃各層員工獲取公司資訊並將資料及經驗分享的另一有效途徑。集團鼓勵員工踴躍表達意見及觀感，並提出各方面的建議。集團亦會定期進行員工意見調查，以協助管理層了解有關員工的事宜並採取適當的行動。

因應員工的不同需要及工作的地點不同，集團於二零零一年十二月開始推行「網上學習」培訓課程，推廣彈性學習方法，使員工能在有需要時，隨時上網學習，課程內容廣泛，包括實用管理技巧及個人發展課程等，令員工可以真正隨時隨地學習。由於「網上學習」培訓課程深受員工支持，積極參與，故本年度會繼續推行。除內部培訓外，集團亦同時因應工作需要而資助員工參予公司以外由其他機構提供的培訓課程。

ISO 9001 及 ISO 14000

集團已於二零零零年成功合併ISO 9001及ISO14000的品質管理系統，以加強行政效率。獨立評核員每六個月進行一次現場評核，以確保集團符合規定並進行持續改善。集團亦委任內部審核員定期進行審核。集團現正進行提升系統至符合新的ISO 9001:2000品質管理標準。

CORPORATE AFFAIRS (Continued)

Employees Relations

As at 31st March, 2003, the Group has on its payroll 249 (2002: 256) employees in Hong Kong, 3,737 (2002: 3,260) in Mainland China and 75 (2002: 90) in Singapore representing a decrease of about 2.7%, an increase of about 14.6% and a decrease of about 16.7% 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 Share Incentive Plans for executive directors and senior staff.

Staff communication sessions are held to keep employees informed of the Group's developments and to facilitate two-way dialogue between management and staff. Intranet is another effective mean to get information across to all levels of staff and to promote sharing of information and experience. Staff are encouraged to express their views and feelings and to make suggestions on different topics. Employee satisfaction surveys are conducted regularly to assist the senior management to understand staff issues and to take appropriate actions.

This year a new approach of staff training was introduced. In view of the diversified needs of employees and their multiple working locations, the Group launched the "e-Learning" program in December 2001 adopting the just-in-need and just-in-time learning methodology. Course content covers a wide variety of practical management skills and self-development programs. Learning is now truly anytime and anywhere. As the "e-Learning" program attracts employees' enthusiastic participation, it will be continued for this year. Besides in-house training, the Group also provides education subsidies to staff for company-required trainings conducted by external parties.

ISO 9001 AND ISO 14000

The two systems were combined in 2000 in the interest of administrative efficiency. Independent assessors conduct on-site surveillance assessment every six months to ensure compliance and continuous improvement. Internal audit teams are organized to perform compliance audit on an on-going basis. The Group is now upgrading the system to attain the new ISO 9001:2000 standard.