



主席劉錫康先生
Chairman, Mr. Lau Sak Hong, Philip

財務業績

截至二零零三年三月三十一日止年度，與上年度比較，營業額增加48%，全年溢利約達61,118,000港元。（二零零二年：虧損39,832,000港元）。

末期股息

董事局宣佈派發截至二零零三年三月三十一日止年度之末期股息每股0.5港仙（二零零二年三月三十一日止年度：無）給予於二零零三年九月十五日在股東名冊上之股東。股息單將於二零零三年九月二十六日左右寄予各股東。

業務回顧**電子部門**

集團經過零一／零二年度業務上的整固，集中生產基地及精簡架構，增加生產效益，降低生產成本。並重整產品結構，投放科研開支於高科技，高邊際利潤產品並發展多功能多合一獨特系列產品。經過零一／零二年度困難之轉型過渡期，本年度開始為集團收成期，雖在世界經濟疲弱，營商環境困難底下，仍取得驕人業績。集團研製之產品，如六碟可轉換鐳射音響組合，超薄手提鐳射機及電視機／DVD多合一產品系列等，為本年度最受市場歡迎產品。集團努力開拓新客戶，增加銷售額，市場推銷部門，於美國及歐洲市場，爭取得數個新大客戶，以增加集團客戶基礎。歐洲營業額之增長最為顯著，由上年度之佔集團電子產品營業額11%增加至本年度佔營業額之15%。

FINANCIAL RESULTS

The Group's turnover for the year ended 31st March, 2003 increased 48% as compared with last year. The net profit for the year approximately amounted to HK\$61,118,000 (2002: loss of HK\$39,832,000).

FINAL DIVIDEND

The Directors have declared a final dividend of HK0.5 cent per share for the year ended 31st March, 2003 (Year ended 31st March, 2002: Nil) to shareholders on the register of members on 15th September, 2003. Dividend warrants will be sent to the shareholders on or about 26th September, 2003.

BUSINESS REVIEW**Electronics Division**

Following the consolidation of its operation in the year 2001/2002, the Group's focus is now turn to upgrading production base and rationalizing structure as to enhance its production efficiency with reduced production costs. Moreover, the Group re-structured its products portfolio and allocated resources to research and development of advanced technology. A unique series of products with multi-functions that enjoys high profit margin is developed. After the year 2001/2002, a transitional period before the completion of re-structuring, the Group commenced to enjoy the benefits of the restructuring this year. Despite the global sluggish economic conditions and difficult operating environment, the Group recorded encouraging results. The products developed by the Group, including 6 CD changers music centre, super slim CD portable players and TV video combo series, were the most popular products for the year. In order to enlarge the customer base, the Group has put much effort to identify new clients, promote sales and strengthen marketing team, and also secured certain established new clients in the USA and Europe. The turnover originated from Europe enjoyed the most significant increment and accounted for 15% of the electronics division's turnover as compared with 11% for the last year.

業務回顧 – 續**電子部門 – 續**

集團集中推銷ODM及集團品牌產品，其邊際利潤比OEM產品為高，本年度ODM及集團品牌營業額與OEM比較，ODM及集團品牌產品約佔60%而OEM則約佔40%。（二零零二年ODM及集團品牌產品約佔40%而OEM則約佔60%）。本年度營業額增長主要為銷售利潤較高之ODM及集團品牌產品。

為提高集團產品之邊際利潤，集團努力增加自製零件之種類及產量，本年度，零件生產部門為集團良好業績之主要貢獻來源。下半年度，中東戰爭使油價急升，與石油相關產品，如塑膠原料等價格急升，影響集團主要零件生產部門一注塑部對集團盈利貢獻大幅下降。

位於美國之附屬公司Cosmo Communications Corporation，本財政年度轉虧為盈後，並錄得業績大幅增長。

證券買賣

於本年度，集團為持有證券投資，作出約14,344,000元未變現虧損準備，本年度之證券買賣，大部份為減持證券投資組合所作之交易。於年結日，證券投資組合已減持至約為40,424,000港元，現時投資氣氛與二零零三年三月三十一日股市情況比較明顯改善。集團相信，此投資組合，於來年對集團不會有負面效果。

BUSINESS REVIEW – continued**Electronics Division – continued**

The Group focused on the promotion of products of ODM and its own brand, which enjoy a higher profit margin when compared to OEM products. The products of ODM and the Group's own brand accounted for approximately 60% of the Group's turnover for the year, whilst OEM products accounted for 40% (2002: the products of ODM and the Group's own brand and OEM products accounted for 40% and 60% respectively). The increase of the turnover for the year was mainly attributable to higher profit margin of the products of ODM and the Group's own brand.

In order to promote the profit margin of products, the Group has increased the varieties and production capacity of its parts. Parts production department was the main contributor to the satisfactory results of the Group for the year. In the second half of the year, the surging oil price resulting from the war in the Middle East, and the increase of price of petroleum related products including plastic materials, have significantly reduced the contribution of plastic injection department, to the Group's profit.

Cosmo Communications Corporation, the Group's subsidiary in the USA recorded a great improvement in this year's result, following its upturn from loss making last financial year.

Securities Trading

During the year, the Group has made an unrealized holding loss of HK\$14,344,000 in respect of the securities held under other investments. During the year, most of the securities transactions were made to reduce the Group's securities investment portfolio. At the year end, securities investment portfolio were reduced to approximately HK\$40,424,000. The current market sentiment has shown manifest improvements since 31st March, 2003. The Group believes that the investment portfolio will have no adverse effect to the Group.

展望

雖然世界經濟仍然疲弱，經營環境亦不明朗，但相信最困難時期已過，集團對電子消費品市場抱審慎樂觀態度。基於下列因素，集團對二零零三／二零零四年度表現，充滿信心。

- 集團評估現時手持訂單及客戶所呈訂貨預計表，相信營業額將有可觀增長。
- 集團新增廠房，已於二零零三年七月投產，可增集團現有產量25%以上。
- 歐洲市場之訂單持續增長，歐洲市場對本集團之貢獻逐步提高。
- 伊拉克戰爭結束後油價立刻回落，塑膠原料價格下降，使集團產品毛利率恢復至正常水平。
- 集團營業額增長主要來自銷售ODM及本身品牌產品，邊際利潤較OEM產品理想。
- 集團於美國之附屬公司Cosmo Communications Corporation (「Cosmo」) 取得美國一著名品牌「Audiovox」於加拿大獨家銷售代理權，Cosmo對集團盈利貢獻必然更大。
- 鑑於集團現有生產設施已呈飽和，而客戶訂單及預計各地未來所落之訂單仍有增幅，故管理層已開始在廣東省北部地區研究開設新廠房，以供未來運用。
- 集團現正在安裝及實施一套達世界級資源規劃「ERP」電腦作業系統以促進集團業務擴展計劃及精簡生產工序。
- 集團不斷研發新產品，以供應市場最新需求，一系列新影視產品如電視機／DVD錄影三合一機、DVD／錄影二合一機、電視／DVD／可重寫鐳射光碟組合及含有WMA製式之超薄MP3手提鐳射機推出後，極受市場歡迎。

PROSPECTS

Although the global economic conditions are still sluggish and the operating environment is also uncertain, the Group believes that the most difficult time has passed. The Group is cautious and optimistic at the same time with respect to the market of consumer electronic products. Based on the following factors, the Group is confident of the performances in 2003/2004.

- The Group has assessed the existing orders in hand and the order schedules provided by clients, and believed that considerable growth in turnover will be obtained.
- The new factory of the Group has commenced operation in July 2003 and an increase of 25% or more of the production capacity is expected.
- The number of orders from the market in Europe continues to increase, and the contributions of it to the Group gradually rises.
- Following the end of the war in the Iraq, the oil price plunge, and the price of plastic raw materials also decreased, and the gross profit margin of the Group is back to normal level.
- The growth in turnover of the Group was mainly attributed to the sale of products of ODM and its own brand, which enjoys a better gross profit margin when compared with the products of OEM.
- Cosmo Communications Corporation ("Cosmo"), the subsidiary of the Group in the USA, obtained the exclusive distribution rights in Canada of "Audiovox" brand. The profit contributions of Cosmo is expected to be enormous.
- In view of the Group's production facilities is currently running at full capacity, and it is estimated that the orders from customers and future orders from different areas will increase substantially, the management has conducted feasibility study in relation to set up a new factory in the north Guangdong Province for future use.
- The Group are in process of implementing a world-class ERP system to facilitate our expansion plan and streamline our current production.
- The Group undertook numerous researches for development of new products so as to meet the latest demand in the market. The launch of a series of new audio and visual products, including TV/DVD recorder-in-one, DVD/recorder-in-one, TV/DVD/CDRW system and super-slim portable laser MP3 with WMA format, is well received.

財務狀況

於二零零三年三月三十一日，集團之現金及銀行結存約為55,853,000港元（二零零二年：23,180,000港元），證券及衍生工具投資約為40,424,000港元（二零零二年：52,232,000港元），銀行借貸則約為119,597,000港元（二零零二年：114,109,000港元），借款比率以總負債與股東資金比較為0.63（二零零二年：0.67）。借貸比率若以銀行淨借貸與股東資金比較，則為0.12（二零零二年：0.19）。

另外，集團獲得銀行借貸及其他信貸額四億一千六百萬港元，其中一億六千四百萬已應用。於二零零三年三月三十一日，銀行借貸除約八百七十萬港元需於一至兩年內到期償還外，其他銀行借貸為即期或一年內到期償還，銀行借貸按當時適用之市場利率計算。

由於集團絕大部份交易均以美元或港元為結算單位，匯兌風險很低。

股份結構

本年度內，部份購股權證持有者行使部份購股權，本公司以每股0.10港元發行11,200,000股每股面值0.10港元之股份。本公司亦於香港聯合交易所有限公司以總代價約一百二十萬港元回購17,010,000股本公司股份。

資產抵押

於二零零三年三月三十一日，本集團抵押若干資產及證券，其賬面值約為143,550,000港元（二零零二年：136,988,000港元）作為一般信貸服務及經紀股票戶口之擔保。

資本開支

於本年度，本集團投資約五千零六十萬港元於固定資產，其中四百三十萬港元用於擴建新廠房，四百二十萬港元用於發展中物業，餘額用於購買機器及儀器。

於二零零三年三月三十一日，本集團已簽訂資本開支7,819,000港元。

FINANCIAL POSITION

As at 31st March, 2003, cash and bank balances were approximately HK\$55,853,000 (2002: HK\$23,180,000). Investments in securities and derivative instruments approximately amounted to HK\$40,424,000 (2002: HK\$52,232,000). Bank borrowings were approximately HK\$119,597,000 (2002: HK\$114,109,000). The gearing ratio based on total borrowings to shareholders' funds was 0.63 (2002: 0.67). The gearing ratio based on total net bank borrowings to shareholders' funds was 0.12 (2002: 0.19).

In addition, the Group has available bank loans and other facilities of HK\$416 million, out of which only 164 million has been utilized. As at 31st March, 2003, only approximately bank borrowings of HK\$8.7 million are repayable within 1 to 2 years, the rest of the bank borrowings are repayable within 1 year or on demand. Bank borrowings bear interest at prevailing market rates.

Group's transactions were mostly denominated in US dollars and Hong Kong dollars. The exposure to foreign exchange risk was minimal.

CAPITAL STRUCTURE

During the year, 11,200,000 of the Company's shares of HK\$0.10 each were issued at HK\$0.10 per share as a result of the exercise of the certain options of the Company by their holders. The Company also repurchased 17,010,000 of the Company's shares on The Stock Exchange of Hong Kong Limited for an aggregate consideration of approximately HK\$1.2 million.

PLEDGE OF ASSETS

At 31st March, 2003, the Group pledged certain assets and securities with carrying value of HK\$143,550,000 (2002: HK\$136,988,000) to secure the general credit facilities and the margin accounts with brokers.

CAPITAL EXPENDITURE

During the year, the Group invested approximately HK\$50.6 million in fixed assets, of which HK\$4.3 million was used for construction of new factory plant, HK\$4.2 was used for construction of property under development and the balance was used for purchase of plant and machinery and equipments.

As at 31st March, 2003, the Group has committed capital expenditure of HK\$7,819,000.

或然負債

於二零零三年三月三十一日，本公司就附屬公司取得信貸而向銀行及其他融資機構作出約六億七千三百七十萬港元擔保。本集團之可追索銀行貼現票據或然負債約五百九十萬港元，而亦向銀行提供信貸擔保給予發展中物業之買家之按揭借款約達五百七十萬港元。

收購

在本年度，集團並沒有收購或出售附屬公司或聯營公司。

員工

於二零零三年三月三十一日，本集團擁有員工共8,287人，其中8,178人受僱於中國，負責本集團之製造及分銷生意。

本集團為其員工提供之福利如員工保險、退休計劃、花紅、購股權計劃、在職訓練及訓練資助。

致謝

本人藉此機會謹向本集團全體員工於本年度努力不懈，盡忠職守之表現作衷心致謝。

劉錫康

主席

香港，二零零三年七月十五日

CONTINGENT LIABILITIES

As at 31st March, 2003, the Company has contingent liabilities in relation to guarantees given to banks and other financial institutions to secure credit facilities granted to certain subsidiaries amounting to approximately HK\$673.7 million. The Group had contingent liabilities for bills discounted with recourse of approximately HK\$5.9 million and had given guarantee to banks in respect of mortgage loans of the buyers of the property under development of approximately HK\$5.7 million.

ACQUISITION

During the year, the Group had not acquired or disposed of any subsidiary or associated company.

STAFF

As at 31st March, 2003, the Group had a total staff of 8,287 of which 8,178 were employed in the PRC for the Group's manufacturing and distribution business.

The Group provides employee benefits such as staff insurance, retirement scheme, discretionary bonus and share option scheme and also provides in-house training programmes and external training sponsorship.

APPRECIATION

I would like to take this opportunity to express my sincere appreciation to all our staff for their, utmost effect and dedication to the Group during the year.

Lau Sak Hong, Philip

Chairman

Hong Kong, 15th July, 2003