

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 31 March 2003, the Group had total borrowings of approximately HK\$390 million as compared to HK\$278 million last year, of this HK\$264 million were short term bank borrowings, HK\$110 million were long term loans and HK\$16 million were obligations under finance leases. The long term loans are mainly bank loans with a three year repayment term. The Group's borrowings were denominated in Hong Kong dollars and bear interest mainly at floating rates. Bank balances and cash amounted to HK\$207 million (2002: HK\$121 million) were mainly denominated in Hong Kong dollars. The Group had a comfortable level of borrowings and the gearing ratio was 0.45 calculated based on net interest bearing borrowings over shareholders' fund.

The Group is not exposed to material currency fluctuation risks, as most of its receivables are in US dollars and payables in US and Hong Kong dollars. Whenever we expect to receive a large US dollar payment, we may purchase long term contracts to hedge against possible currency fluctuation. The further depreciation of US dollars to the Euro has had a positive effect on sales to European customers. There is more room in price negotiations as our customers can benefit from the currency appreciation.

Prices of most of the raw materials decreased during the Year except metals and plastics. Shortage of supply and import restriction in Mainland China caused the prices of many metal parts to increase by more than 30%. In addition, prices of plastic materials began to increase from the latter half of last year, and about 20% increase was noted since then. However the prices of major components continue to decrease and therefore the overall profit margin can be maintained.

於二零零三年三月三十一日，本集團借款總額約為390,000,000港元，而去年則為278,000,000港元，當中264,000,000港元、110,000,000港元及16,000,000港元分別為短期銀行借貸、長期貸款及融資租約承擔。該等長期貸款主要為銀行貸款，還款期三年。本集團之借貸主要以港元結算，以浮息計息。銀行結存及現金達207,000,000港元（二零零二年：121,000,000港元），主要以港元結算。本集團的借貸水平穩健，而資產負債比率（按計息借款淨額除以股東資金計算）則為0.45。

由於本集團大部分應收款項以美元結算，而應付款項則以美元及港元結算，故所面對外匯波動風險不大。每當本集團預期將收取大額美元付款，即會考慮購買長期合約，以對沖可能出現之外匯波動。美元兌歐元進一步貶值對銷售與歐洲客戶帶來正面影響，由於客戶可藉貨幣升值獲益，故議價空間更大。

本年度內，除金屬及塑膠外，大部分原料價格均下調。供應短缺，加上中國內地進口限制導致多種金屬部件漲價超過30%。此外，塑膠原料價格自去年下半年度開始上升，截至現時為止已上升約20%。然而，主要零件價格持續下跌，因此整體邊際利潤仍可得維持。

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The Hong Kong Inland Revenue Department challenged the appropriateness of the filing of tax returns by the Group on a consolidated basis, rather than on an individual company basis in respect of the prior years, starting from the year of assessment 1998/99 (the "Prior Years"). The final assessment of the Prior Years had not yet been issued, and the potential tax liabilities cannot be reliably estimated. However, based on information available to date, the Directors are of the opinion that there is no material unprovided tax at the balance sheet date.

As at 31 March, 2003, the Group had 130 staff stationed in Hong Kong and 9,500 staff and workers working in the two Mainland China factories. Total salaries and wages amounted to approximately HK\$117 million for the Year. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and market conditions. The Group provides year end double pay, discretionary bonuses, a provident fund, medical insurance and training.

年內，香港稅務局質疑本集團自一九九八至九九課稅年度（「過往年度」）起按綜合基準而非按去年個別公司基準填報報稅表是否恰當。過往年度之最終評稅仍未發出，故未能可靠估計潛在稅務債項。然而根據目前所得之資料，董事會認為於結算日並無重大未撥備稅項。

於二零零三年三月三十一日，本集團在香港僱有130名員工，而中國內地兩間廠房則僱有9,500名員工及工人。本年度之薪金及工資總額約為117,000,000港元。薪金及工資一般每年根據工作表現評核及市場情況進行檢討。本集團提供年終雙糧、酌情花紅、公積金、醫療保險及培訓。