

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### BUSINESS SUMMARY

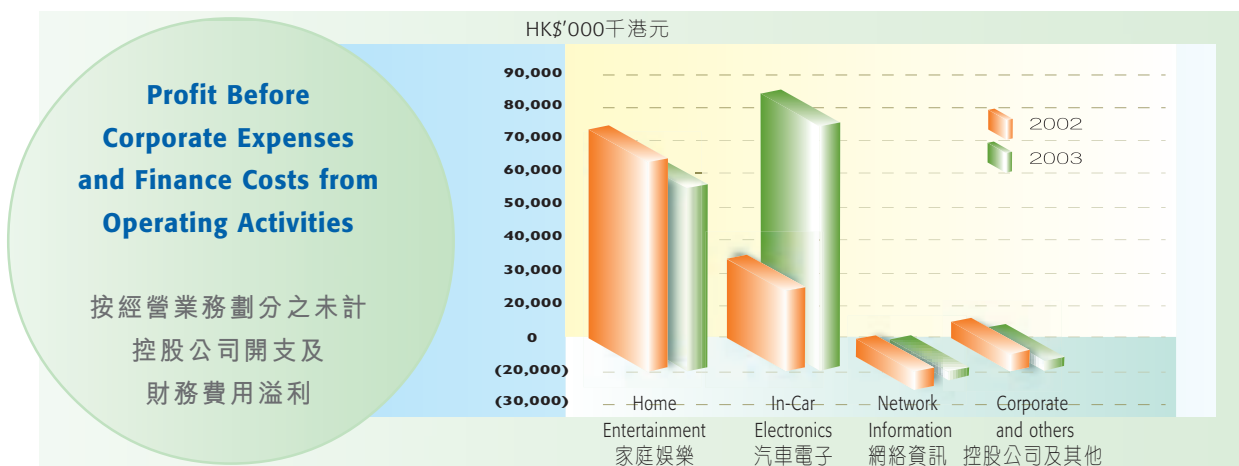
The Group's consolidated profit attributable to shareholders for the year ended 31 December 2003 increased 49.8% to HK\$90.2 million, on a 6.3% moderate advance in sales turnover to reach HK\$4.62 billion. The improvement in business was mainly attributable to double-digit growth in the in-car electronics business.

In-car Electronics division achieved a rewarding year and was the major profit contributor to the Group for the year under review. The favorable responses to the in-car video and digital products and the commencement of business in the primary market boosted the sales turnover by 25.8%. Margins made improvement as the segment result of the division jumped significantly by 152%.

### 業務概要

憑藉銷售營業額錄得6.3%之適度增長至4,620,000,000港元，本集團截至二零零三年十二月三十一日止年度之綜合股東應佔溢利上升49.8%至90,200,000港元。業務表現改善主要得力於汽車電子業務之雙位數增長。

汽車電子部門於本年之表現優越，成為本集團於回顧年內之主要溢利來源。汽車影音產品及數碼產品備受市場歡迎，而集團在前置市場開展業務亦推動銷售營業額錄得25.8%之增長。由於此部門之分類業績躍升152%，利潤水平亦隨之提升。



The Home Entertainment segment was created from the merger of audio and video divisions during the year in view of the synergy of the two divisions. During the year, the audio-visual products continue to face severe competition from manufacturers in the region. The higher sales volume but lower product prices resulted in a slight decline in the turnover by 4.4% and the segment results lower by 13.3%.

The networking information division continues to face short term challenges but its longer term outlook is positive. The division is capitalising on the next digital format for digital cable box market in China and is looking for positive contribution to the Group in the near future. The loss for the year declined 48.9%.

本集團於回顧年內將旗下之影音及影視部門合併，成立出家庭娛樂分部，以此實現此兩部門之協同效益。年內，影視產品繼續面對區內生產商之激烈競爭，雖然銷量上升，惜產品價格下跌，導致營業額微跌4.4%，此分類業績亦下降13.3%。

雖然網絡資訊部門在短期內依然面對市場競爭，但其長期展望仍屬正面。此部門正把握中國對數碼有線電視盒之市場需要，當可在不久將來為本集團帶來正面貢獻。此部門在本年度之虧損減少48.9%。

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The Group's investment in jointly controlled entities at Wuxi and Nanjing registered improved performance as a result of the expansion of the production facility and the increased investment in the automated production equipment. The investment in the associate company with Clarion of Japan continues to contribute steady profit to the Group.

### RESEARCH AND DEVELOPMENT

It has been the Group's belief for the past decade that new products delivered by advanced technology would be the key element to our success in the consumer electronics industry. The progress we have made to the product line in recent years has proven that the group's strategy has been correct. We invested HK\$55 million in research and development during the year.

#### R&D Expenditure

研究及開發支出



得力於生產設施擴充以及在自動化生產設備之投資增加，本集團於無錫及南京之共同控制企業之投資表現更勝去年。與日本Clarion組成之聯營公司之投資繼續為本集團帶來穩定溢利貢獻。

### 研究及開發

本集團一直深信，要以先進技術開發新產品，方可於消費電子行業領導同儕。本集團產品線近年所取得進展，足證本集團之策略正確。於申報年內，集團已於研發工作投入55,000,000港元。

#### Inventory Turnover Days

存貨周轉日數



### INVENTORY MANAGEMENT

The Group's inventory turnover period shortened from 39 days in year 2002 to 34 days during the year. The enterprise resource planning (ERP) project in collaboration with Chinese University of Hong Kong, shall address further improvement in inventory cycle management as well as enhancing the responsiveness for material shortage.

### 存貨管理

本集團之存貨周轉期大幅縮短，由二零零二年之39日減至本年度之34日。與香港中文大學合作之企業資源規劃(ERP)項目有助進一步改善存貨周期管理及提昇物料短缺之應變能力。

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

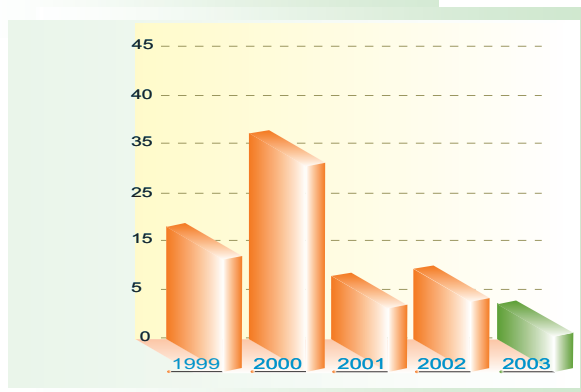
Fiscal strength and liquidity are part of the management's core objectives. As at 31 December 2003, the net current assets and cash and bank balance for the Group were HK\$649 million and HK\$569 million respectively, as compared to only HK\$368 million and HK\$275 million last year. The increment was contributed by the draw down of a low interest spread HK\$350 million three-year syndicated loan and a top-up placement of 65,000,000 shares at HK\$0.96 per share during the year. Part of the proceeds of the syndicated loan was used to repay the syndicated loan that was drawn down in year 2001 while a portion of the proceeds from the top-up placement was used to finance our construction of a new plant in Dongguan. The Group also reserves a portion of the cash and bank balance for the business opportunities in China. As at year-end date, the Group has no other long-term debt apart from the two syndicated loans with a total outstanding of HK\$550 million. The Group did not pledge any of its assets during the year.

The gearing ratio, calculated by total borrowings from banks and financial institutions net of cash divided by tangible net worth, strengthened from 8.4% last year to 3.5% this year. The order book has reflected that the Group's business is expected to continue to grow. Based on the fiscal strength, the Group considers its financial resources adequate to finance future business and its working capital requirement. The details of the contingent liabilities of the Group as at year-end date are set out in note 35 of this report.

#### Gearing Ratio

資本負債比率

%百分比



### 流動現金、財務資源及資本結構

保持穩健之財政狀況與流動現金水平乃管理層之核心目標之一環。於二零零三年十二月三十一日，本集團之流動資產淨值以及現金及銀行結餘分別為649,000,000港元及569,000,000港元，去年則僅分別為368,000,000港元及275,000,000港元。流動資產淨值以及現金及銀行結餘上升，乃因本集團於年內成功提取一筆為數350,000,000港元之低息三年期銀團貸款以及順利完成按每股0.96港元之價格進行65,000,000股股份之補足配售。部份銀團貸款之所得款項乃用以償還二零零一年提取之銀團貸款，而補足配售之部份所得款項則用於東莞建設新廠房所需。本集團亦保留部份現金及銀行結餘以把握國內商機。於年結日，除兩筆未償還金額合共為550,000,000港元之銀團貸款外，本集團並無其他長期債務。本集團於年內並無將任何資產抵押。

資本負債比率乃按銀行及財務機構借款總額(扣除現金)除以有形資產淨值計算，由去年之8.4%降至本年度之3.5%，可見資本負債水平更加穩健。從訂單記錄的情況顯示，本集團之業務當可保持增長。由於本集團之財務基礎雄厚，因此認為其充裕之財務資源足以應付日後之業務及營運資本所需。本集團於年結日之或然負債詳情載於本報告附註35。

#### Shareholders' Fund

股東資金

HK\$'000千港元



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Sales and purchases of the Group are mostly denominated in US dollar and HK dollar. The Group considered its foreign exchange exposure is well managed through the current HK/US dollar peg.

### *EMPLOYEES AND REMUNERATION POLICIES*

As at 31 December 2003, the Group had approximately 17,700 employees in the PRC, Hong Kong and United States. Remuneration packages are generally structured by reference to the prevailing industry practice, individual performance and market conditions. The Group provides employee benefits such as year-end double pay, provident fund, medical insurance, training and discretionary bonus.

本集團之銷售及採購主要以美元及港元計算。由於港元目前與美元掛鈎，故本集團認為其已妥善管理匯兌風險。

### *僱員及酬金政策*

於二零零三年十二月三十一日，本集團於中國、香港及美國聘用約17,700名僱員。僱員之薪酬福利主要按現行業內慣例、個人表現及市場情況釐定。本集團亦提供年終雙糧、強積金、醫療保險、培訓及酌情花紅等僱員福利。