



Management
Discussion
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管理層研究
及分析

營商環境

二零零三／零四年對集團業務發展來說是充滿挑戰的一年，在年初發生的伊拉克戰爭、非典型肺炎爆發等事件，均對香港經濟造成打擊，令經濟變得不明朗，市場競爭激烈亦令營商環境變得未如理想。

不過，在2003年下半年經濟環境漸漸改善，市場環境得以復甦，管理層亦對集團之業務前景建立了信心，特別在通訊產品如智能手機市場方面，預計將會有持續可觀的增長。在激烈競爭環境下，企業必須掌握市場脈搏，才能於企業同儕中脫穎而出，在市場中站穩陣腳。

在個別市場方面，中國內地市場的競爭環境愈趨激烈，導致供過於求的情況時有出現。而且在宏觀調控實施所帶來的不明朗因素影響下，市場環境變得不穩定，進一步削弱營商的環境。不過，預料中高檔產品市場會保持平穩的發展。至於在歐洲市場，發展潛力優厚，故集團對歐洲市場的營商環境最為樂觀，相信藉採取合適的市場策略，可在歐洲市場獲得成功。

BUSINESS ENVIRONMENT

The year of 2003/04 was a year full of challenges to the Group's business. A series of events such as the war in Iraq and the outbreak of SARS has dampened the Hong Kong economy and caused economic uncertainties. Vigorous competition also contributed to the undesirable business environment.

Nevertheless, the economic environment has improved gradually in the second half of 2003, leading to the recovery of business environment. The Group's management has built up confidence to the prospect of the business, especially in the market of communication products such as smartphone. It is expected that continuous and remarkable growth will be seen in the future. Meanwhile, enterprises should keep abreast of the latest market trend under vehement competition in the market in order to excel from others, consolidating the foothold in the market.

Regarding to individual market, it is envisaged that the market competition in Mainland China will become more and more intensive, resulting in occasional oversupply. In addition to the uncertain factors about the impact of the implementation of the macroeconomic adjustments, the market has become unstable and the business environment has further been weakened. However, the market of medium- and high-end products is expected to remain stable growth. As for the European market, the Group is more optimistic to the business environment with the huge potential for market development. By adopting suitable market strategies, it is believed that the Group will make success in the European market.

管理層研究及分析

Management Discussion & Analysis

財務檢討

集團全年營業額錄得1,355,600,000港元，相對於去年同期的1,147,600,000港元增加了18.1%。年度內手提電子產品及原件設計生產（「ODM」）業務營業額分別為765,300,000港元及590,300,000港元。

集團全年經營溢利合共102,800,000港元，較去年上升60,400,000港元，或142.6%。達致稅前溢利的支出及撥回包括三個項目：融資成本主要為利息支出2,500,000港元；攤分聯營公司之虧損2,400,000港元；及回購一附屬公司之可兌換及可贖回優先股所產生之非經常性收益共61,900,000港元。稅前溢利為159,800,000港元。計算少數股東權益及稅項撥回後之溢利較去年增加120,100,000港元，達162,100,000港元。

資產負債表方面，庫存及應收賬分別增加21,400,000港元及104,300,000港元至159,900,000港元及186,500,000港元。此乃反映各SBU業務於財政年度末較去年同期錄得大幅增長所致。

銀行及現金結餘包括銀行存款為242,700,000港元，淨現金結餘（即銀行存款餘額扣除銀行透支及借貸等）為153,900,000港元，較去年的125,900,000港元增加22.2%。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107,100,000港元（二零零三年：淨現金流入96,500,000港元），主要來自持續經營業務的盈利及應付賬之增加。

FINANCIAL REVIEW

Turnover of the financial year is HK\$1,355.6 million, which is 18.1% higher than the HK\$1,147.6 million of the previous year. During the year under review, handheld electronics products business and original design manufacturing business ("ODM") recorded turnover of HK\$765.3 million and HK\$590.3 million respectively.

Operating profit for the year is HK\$102.8 million with an increase of HK\$60.4 million or 142.6%. There are three items of charges/credits before arriving at the profit before taxation. Finance cost mainly represents interest cost of HK\$2.5 million, share of loss of associates of HK\$2.4 million and extraordinary gain on repurchase of convertible redeemable preferred share of a subsidiary of HK\$61.9 million. Profit before taxation is HK\$159.8 million. After taking into account of tax credit and minority interest, profit attributable to shareholders is HK\$162.1 million, with an increase of HK\$120.1 million.

On the balance sheet side, inventories and accounts receivable had been increased by HK\$21.4 million and HK\$104.3 million to HK\$159.9 million and HK\$186.5 million respectively. This is a direct result of the significant growth in the SBU business recorded at the end of this fiscal year as compared with the corresponding period last year.

Bank balances and cash (including bank deposits) amounts to HK\$242.7 million. Net cash (i.e. after deducting bank overdraft from balances of bank deposits) is HK\$153.9 million that is 22.2% higher than the HK\$125.9 million in previous year. The solid cash position is the result of a very strong cash inflow during the year. Net cash inflow from operation is HK\$107.1 million (2003: net inflow of HK\$96.5 million) that is attributable to the profitable operation in continuing business and the increase in accounts payable.

財務檢討 (續)

總銀行借貸為88,800,000港元。銀行借貸中，約71.0%或63,100,000港元為短期借貸，如出入口票據，將於一年內到期，其餘25,800,000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去年更為穩健，為集團的長遠發展定下強而穩固的基礎。

流動資金及財務資源

集團於二零零四年三月三十一日止有銀行結餘及現金總額約242,700,000港元，對比二零零三年三月三十一日的結餘增加了60,600,000港元或33.3%。而同期的銀行總借貸由56,100,000港元上升至88,800,000港元或58.3%。

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。集團於年度內淨資金增長為27,900,000港元。

銀行總借貸的71.0%，即63,100,000港元，屬於一年內須償還的短期借貸。其餘25,800,000港元，乃屬一年後須償還的長期借貸。

集團的借貸比率，按定義為總銀行借貸除以股東權益，由去年的12.5%微升至15.1%。

FINANCIAL REVIEW (Continued)

Total bank borrowings amounted to HK\$88.8 million. Among the bank borrowings, about 71.0% or HK\$63.1 million, are short-term borrowings such as trade bills that are to be due within a year. The remaining HK\$25.8 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 continues 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.

Liquidity and Financial Resources

Bank balances and cash amounted to HK\$242.7 million at 31st March, 2004, which is HK\$60.6 million or 33.3% higher than that at 31st March, 2003. Total bank borrowings increased from HK\$56.1 million to HK\$88.8 million, an increase of 58.3%, during the twelve months period.

The improvement in liquidity is a result of the positive cash inflow from operating activities. An increase in net cash position of HK\$27.9 million was resulted.

Majority of the bank borrowings, around 71.0% or HK\$63.1 million, are short term borrowings that are to be due within one year. The remaining HK\$25.8 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 slightly increased from 12.5 % to 15.1% a year ago.

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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。於二零零四年三月三十一日，該等抵押資產的賬面值約100,000,000港元，較去年減少2,600,000港元。

或然負債

於二零零四年三月三十一日，集團有約21,700,000港元的有追索權之銀行貼現票據，比對去年增加約5,900,000港元。於本年及去年，集團為一聯營公司向銀行作出8,000,000港元銀行融資擔保。於本年內，該聯營公司已取用擔保額4,000,000港元，較去年上升700,000港元。

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圓結算。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。

FINANCIAL REVIEW (Continued)

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. At 31st March, 2004, the carrying value of the assets pledged is HK\$100.0 million which is HK\$2.6 million lower than that of the previous year.

Contingent Liabilities

At 31st March, 2004, trade bills discounted to banks with recourse amounted to HK\$21.7 million, which is HK\$5.9 million higher than that of the previous year. Guarantees of HK\$8.0 million in respect of general banking facilities were granted to an associate for this and the previous years and HK\$4.0 million of which was utilized by that associate, which is HK\$0.7 million higher than the previous year.

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 of foreign currency speculative activities.

財務檢討 (續)

回購一家附屬公司之全部已發行優先股

載至二零零四年三月三十一日止年度內，本公司與本集團內一家附屬公司（「附屬公司」）及該附屬公司之可兌換及可贖回已發行A類優先股持有者達成協議，以總代價35,000,000港元回購該等優先股。該項交易為本集團帶來非經常性溢利46,900,000港元。本集團同時回撥於以往年度內為該等優先股預提贖回溢價共15,000,000港元。

附屬公司同時發行認股權證予該等優先股持有者，藉行使認股權證可認購總額不超過附屬公司已發行股本百分之十之普通股股份。

FINANCIAL REVIEW (Continued)

Acquisition of the entire issued Preferred Shares of A Subsidiary

During the financial year ended 31st March, 2004, the Company and a subsidiary (the "Subsidiary") together with the holders of the entire issued convertible and redeemable Series A Preferred Shares of the Subsidiary agreed to purchase all of these Preferred Shares at a total consideration of HK\$35.0 million. As a result, a non-recurring gain of HK\$46.9 million together with the reversal of the accrued redemption premium on the Preferred Shares of HK\$15.0 million made in previous years were recognised.

The Subsidiary would also issue warrants to the holders of the said Preferred Shares enabled them to subscribe for ordinary shares representing up to 10% of the issued capital of the Subsidiary upon exercise.



Electronic
Dictionary
電子辭典

電子辭典

業務回顧

本SBU於二零零三／零四財政年度業績稍為放緩。市場明顯受非典型肺炎打擊而變弱，加上市場競爭愈趨激烈，導致電子辭典的業務發展未如理想，但集團仍能在市場中保持領導地位。

在非典型肺炎的影響下，業務運作受到一定影響，產品推出的時間稍受延誤、市場推廣活動減少。集團於香港、中國內地及台灣等主要市場的業績均有所下滑，特別是二零零三年的第二季，但隨著非典型肺炎的疫情減退，經濟逐漸復甦，電子辭典業務在三地的銷售表現於第三季漸漸改善，加上集團於海外市場錄得業績增長，故最後仍能達到接近預期的業績。

電子辭典業務於中國內地市場仍受到較嚴峻的考驗，除了受到非典型肺炎的影響，有愈來愈多競爭者加入市場，欲於電子辭典市場中分一杯羹，導致市場供求不平衡，整體零售價格下降了25-30%，令邊際利潤減少，故中國內地的銷售成績較其他地區稍欠表現。

ELECTRONIC DICTIONARY SBU

Performance Review

For the fiscal year 2003/2004, the SBU performance slackened slightly. The business was mainly affected by the outbreak of SARS and the keener competition in the market, which slowed down the sales and a decline in the sales performance resulted. The Group, however, still remained its leading position in the market.

Under the influence of SARS, the SBU operation has to suffer from the delay of the launching of products and abatement of promotion activities. The sales performance has recorded a slip in major markets including Hong Kong, Mainland China and Taiwan, especially in the second quarter of 2003. Nevertheless, the sales performance has gradually improved in the third quarter along with the subsidence of the SARS and the recovery of economy. In addition to the growth in sales performance recorded in overseas market, the SBU has still achieved a performance result as close to expected one eventually.

Apart from the impact of SARS, the electronic dictionaries business has still experienced a severe trial in the Mainland China. As an increasing number of competitors entered the market to share the sales, it has caused imbalance of demand and supply. As a result, overall retail price has dropped by 25-30%, and a decrease in profit margin shown. In a nutshell, the sales performance was comparatively undesirable in Mainland China compared to other markets.

管理層研究及分析

Management Discussion & Analysis



電子辭典 (續)

雖然營商環境於本年度未如理想，但集團沒有因此而卻步，繼續致力開發更多高質素的产品，充分反映集團的專業態度。本集團與中國著名的英語學習機構新東方合作，開發了一系列具英語學習功能的電子辭典產品，包括新東方2680、新東方3780及新東方3980等，除了為用家提供全新概念的學習工具，增進知識，並提升集團在中國內地的電子學習產品地位及形象。

另外，在管理方面，本SBU亦推行了新的管理系統，以精簡業務運作的程序，從而控制成本。在二零零三年的十一月，在中國內地推行了「經銷商終端管理系統」，監管銷售網絡及動向，提高運作的效率，而在二零零四的五月，在香港亦實施了「客戶關係管理系統」，透過業務策略概念去開創及保持與客戶的關係，藉此提高市場推廣、銷售及服務方面之表現。

ELECTRONIC DICTIONARY SBU (Continued)

Although the sales business environment fell short of expectation, the Group did not step back. The SBU has still focused on developing more products with high quality, which fully reflected the Group's professionalism. The Group has cooperated with a famous English learning institution in China-New Oriental to launch a series of dictionary products with English learning contents, such as New Oriental 2680, 3780 and 3980. The products provided users with an innovative learning device, and enhanced the position and image of the Group's electronic learning products in Mainland China.

As for the Group's management, the SBU has implemented new managing systems to simplify the operation procedures so as to strengthen cost control. Since November 2003, the "Dealer Terminal Management System (DTMS)" for monitoring the sales performance of distribution network and sales trend in Mainland China has been started to increase the operating efficiency. The system of "Customers' Relationship Management" has also been put under practice in Hong Kong from May 2004, which aimed at creating and maintaining relations with most valuable customers through business strategy. By so doing, marketing promotion, distribution channels and services could be improved.

電子辭典 (續)

展望

為了滿足不同用家對電子辭典的要求，本SBU將會繼續推出嶄新的電子辭典，加入更多增值功能，透過資料下載及MP3等，為用家提供集增進知識及消閑娛樂的電子學習工具。而計劃在零四年的第三季推出的漢英雙向全句翻譯功能電子辭典，相信將進一步促進集團業務的發展，保持集團在電子辭典市場中創製中高檔產品的優勢。

此外，集團透過與國際知名的機構合作，期望能為業務帶來突破，繼早前與Macromedia, Inc.合作後，本SBU亦計劃與多間知名的多媒體機構攜手合作，把多媒體的技術引入全新系列的彩色電子辭典中，令內容更生動有趣、靈活多變，在21世紀數碼化年代，提供一種互動、有效的多元化學習工具，有助用家在知識社會中確保優勢。

同時，本SBU仍會繼續投入資源於技術研發方面，力求改良集成電路設計、語音發聲、學習資料庫及其他增值軟件、等技術，務求在推出嶄新產品的同時，亦能同步提升產品的整體質素，鞏固本集團在電子辭典市場中的領導地位。

ELECTRONIC DICTIONARY SBU (Continued)

Outlook

To meet the users' ever-changing demands for new electronic dictionaries, innovative products with additional value-for-money features will be launched. With the downloading and MP3 functions, it makes the electronic dictionaries a learning device with a perfect combination of education and entertainment functions. Furthermore, the dictionary built in with English-Chinese bi-directional sentence translation will be launched in the 3rd quarter of 2004. It is believed that the development of the business will be further boosted and the advantage in producing medium- and high- range products in the electronic dictionary market will be retained.

Besides, a breakthrough in business is expected through the cooperation with international well-known institutions. Further to the alliance with Macromedia, Inc., the SBU is planning to collaborate with some distinguished multimedia companies to promote the use of multimedia function to the new series of colourful electronic dictionaries in order to enrich the content and make it a flexible and dynamic learning tool. With providing an interactive, effective and diverse learning device to users in the digital era of 21st century, it can sustain the privilege in this world of knowledge for users.

In the mean time, the SBU will keep allocating resources on R&D to upgrade its technologies in area of circuit design, text-to-speech, learning database and other value-for-money software so as to enhance the product quality along with the introduction of new products thereby further strengthening the leading position in the market of the Group.



Smartphone 智能手機

智能手機 (SMARTPHONE)

業務回顧

全球PDA市場正逐漸萎縮，特別於中國大陸，市場更為疲弱。低檔的PDA產品正被手提電話所取代，而高檔產品亦逐漸發展為智能手機、無線通訊終端及可攜式媒體播放器等手提產品。面對PDA市場的困境，本SBU已改為集中發展智能手機的業務，而營業額亦較去年有所增長。

去年九月，集團推出首部以Palm操作系統為平台的智能手機G18，整合了手機、PDA、多媒體及通訊功能，而體積比同類型產品更纖細，自推出後，市場反應良好，並引起手機生產商及網絡營運商的關注，更憑其獨特設計在二零零三年獲香港工業總會頒發香港工業獎之消費產品設計獎，不單為業務創造了新的商機，更令集團知名度進一步提升，建立良好的聲譽。

本SBU亦積極建立智能手機在亞洲的的行銷網絡，分別於香港、台灣、馬來西亞、泰國及新加坡等地區，以不同的品牌推出G18智能手機，同時亦透過分銷商在意大利、西班牙及德國推出產品，作為開拓歐洲市場的第一步。在中國大陸市場方面，則採用原件設計生產(ODM)的營商模式，把產品售予當地手機廠商。此外，本SBU亦將產品直接售予電訊營運商，為相關業務奠下了基礎。

SMARTPHONE SBU

Performance Review

Worldwide PDA market is shrinking, especially in PRC market. The low-end PDA products are replacing by mobile phones while the high-end ones are evolving to other handheld products such as smartphone, communicator and portable media player. In facing the tough situation in PDA market, the SBU has shifted its focus to smartphone business. In view of this move, the SBU recorded a growth in turnover in this fiscal year as compared with previous year.

In September, the first Palm OS smartphone G18 was launched. G18 integrates the functions of mobile phone, PDA, multimedia and communication, and features a slimmer form factor within the same category. The product has evoked an immense echo in the market and aroused the attention and interest of the telecommunication service providers and network operators. With a stylish design, G18 was also awarded the "Hong Kong Awards for Industry: Consumer Product Design" by the Federation of Hong Kong Industries in 2003. The success in development of the product not only created new business opportunities but also further won higher popularity and to build sound reputation to the Group.



In addition, the SBU focused on building up the distribution network of smartphone in Asia. G18 was launched in various regions including Hong Kong, Taiwan, Malaysia, Thailand and Singapore under different brand names. The product was also shipped to Europe through distributors in Italy, Spain and German and this expansion indicated a good start of our products marching in European markets. As for the market in Mainland China, ODM business model was used by means of selling products to local manufacturers. The products were also sold directly to network operators which formed a solid foundation to the development of related business.

管理層研究及分析

Management Discussion & Analysis

在本財政年度，SBU的營業額主要來自智能手機的業務，遠高於去年在GSM PDA方面的收入，證明集團成功從PDA的業務轉為發展更具潛力的智能手機。另外亦建立了為客戶提供智能手機全面解決方案的定位，這將有助SBU業務擴展至ODM客戶及網絡營運商。

展望

本SBU將會繼續加強產品開發的能力，並進一步鞏固集團於智能手機行業上，作為解決方案提供者的定位，同時積極與技術及銷售伙伴合作，從而發展更具競爭力的產品，拓展業務至全球市場。

集團將會在今年推出更多針對不同用戶而設計的產品，以滿足智能手機用戶對各種功能如PDA、流動互聯網、拍攝及娛樂等的需求。此外，亦會加強對地方文化的了解，藉此為客戶設計本地化的產品，迎合不同國家的市場。本SBU並會積極與技術伙伴合作，改良操作平台、流動通訊及多媒體等技術，確保技術發展能配合產品研發的步伐。

藉著推出更多先進的產品，本SBU相信能進一步擴展亞洲的分銷網絡。同時，我們亦會集中開拓中國的原件設計生產業務，並與歐洲的網絡營辦商建立合作關係，預計將會為業務帶來可觀的增幅。

手機行業正進行革新，流動電訊網絡的發展、多功能手機的推出、無數可下載的內容，以及用戶對功能需求的提升，都推動著智能手機的發展，市場發展潛力非常龐大。儘管競爭仍然激烈，但憑藉集團對業務發展的清晰定位，及不斷加強本身的競爭優勢，本SBU相信智能手機的業務會保持穩定的增長。

In this fiscal year, turnover of the SBU derived mainly from the revenue of smartphone which was much higher than that of the GSM PDA previous year. It proved the Group has successfully evolved from PDA business to smartphone, which shows greater developing potential. Besides, the positioning of the smartphone solution provider can help to extend the business to ODM customers and network operators.

Outlook

The SBU will continue to enhance R&D capability and strengthen its position of smartphone solution provider. Through active cooperation with partners keen on technology and business development, the SBU will develop competitive products and extend the business to global market.

In this year, the SBU will launch various customized products to fulfill the needs of different smartphone users who may have preference in PDA, mobile internet, camera and entertainment functions. To understand the culture is another direction in order to design localized products for different markets. Besides, emphasis on the cooperation with technology partners to upgrade operating system, mobile communication and multi-media will be made to ensure new technologies are ready to use for product development.

With more advanced products, the SBU believes that we can further broaden the distribution network in Asia. Meanwhile the SBU will continue to develop the ODM business in Mainland China and build up cooperating relationship with network operators in Europe. This will bring considerable growth in the business in coming years.

Mobile phone business is under a revolution. The advancement of mobile network, availability of multi-application handsets, billion pieces of downloadable content and the customers' need of advance features will push the evolution of conventional mobile phone to smartphone, leading to huge market potential. Although the competition remains keen, with the refined position and continuously building up the competitive advantages, the SBU believes that stable growth can be maintained in the smartphone business.



ODM
原件設計生產

管理層研究及分析

Management Discussion & Analysis

原件設計生產 (ODM)

業務回顧

本SBU於財政年度在銷售及盈利方面錄得顯著的增長。由於本公司的客戶在嚴峻的日本市場仍能獲得理想的業績，同時專業小組及生產小組的成員不斷精益求精以盡力滿足客戶的需要，因此本年度SBU亦得到良好成績。

本公司採取的營商策略有別於一般提供電子生產服務的公司，主要集中與一些經挑選的客戶建立緊密的夥伴關係，共同提高服務的質素及層面，令雙方業績穩步上揚。

此外，本SBU亦與新的策略性客戶共同開拓業務，以其他尊貴的品牌創製出新的產品系列，並為商機發展投下了額外的資源。亦由於周詳的計劃及專業的態度，本SBU吸引了不少世界級的客戶與本集團發展合作計劃。

展望

本SBU致力繼續提高各種服務的質素，例如全面參與發展新產品的計劃、創造具特色的獨特產品，以及引進合適獨有的科技和元件，務求全面滿足客戶的需要。另一方面，本集團亦會集中減省成本，使客戶對我們的服務更為滿意。

ODM SBU

Performance Review

Remarkable growth in sales and profit has been attained also in this financial year. The greatest respect for such growth shall be given to our customers who are making greater success in the severe market of Japan, and to the expert team members of the SBU and manufacturing team who have been enhancing their capability to maximize customers' satisfaction.

Not similar to the EMS type of manufacturing business that may target at various kind of manufacturing business for wide range of customers, the Group's strategy has been kept placing on intensive efforts for tightening business partnership only with limited number of select customers by enhancing quality of service and coverage of service. This has resulted in having achieved continuous growth together with these customers who have prestigious brands and sales capability.

In addition, new business with new strategic customer has begun with the products with another prestigious brand name in the different product categories, as well planned and targeted, with the additional resources for new business development. In this way, the SBU is adding world-class customers and new business with good planning and careful manner.

Outlook

The SBU is committed to continue greater efforts for attaining maximum customer satisfaction by enhancing quality of service in various aspects such as wider coverage of participation to the projects including new products proposal and planning up to creation of new unique products or features, introducing suitable unique technology and components. Continuous cost reduction, as one of our major focus, shall also attain customers' satisfaction.



原件設計生產 (ODM) (續)

展望 (續)

憑藉本SBU良好的運作系統及管理方針，深信在來年亦可錄得穩定的增長。本集團會不斷努力為客戶提供合適的產品策略，並推出多元化的產品，同時致力提升有關工程方面的質素，增加工程小組的成員，以符合客戶在環境保護規例上的要求。

本集團會進一步與主要的元件供應商通力合作，透過他們先進的生產技術，以質素、運送及減省成本作優先考慮的條件，共同努力研製獨特的產品，進一步鞏固與商業夥伴的合作關係。藉著本集團與客戶及供應商的緊密合作，定必對各方發展帶來穩定的增長。

本SBU亦正計劃於來年與新客戶發展嶄新的合作方案，展望有關業務往來能令銷售成績更為理想。

ODM SBU (Continued)

Outlook (Continued)

With the good foundation of the SBU's operation and business management, continuous growth can be forecasted also in the coming year, being attributed to the right products strategy of our customers and the efforts for diversification of products range. For this, the SBU is making efforts to enhance engineering capability and to expand the engineering team as well as being equipped with capability to meet customers' various requirements for environmental protection and regulations.

The Group will further value the partnership with the key components suppliers to make joint efforts to create unique products based on their leading technology, as well as receiving priority support for quality, delivery, and cost reduction. Partnership among the customers, suppliers and the Group will surely become the significant asset of all parties to continue growth together.

Several new projects with new potential customers are being planned to start in the year to come, which may further boost up the sales of the SBU.

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企業事務

公司管治

審計委員會

審核委員會成員包括獨立非執行董事容永祺先生MH(主席)、何國成先生及非執行董事羅志聰先生。於年內，審核委員會已舉行三次會議，全體成員均有出席，與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。

審核委員會主席於每次會議後均會於董事會會議上向董事會匯報曾進行討論的重要事項，並呈交報告。

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，直接向審計委員會定期提交報告。

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。如在非典型肺炎爆發期間，委員會便就疫情可能對集團帶來的危機制定預防措施及應變計劃而舉行了多次會議，以確保若有事故發生時各部門均能作出迅速回應，將影響減至最低。

最佳應用守則

董事會認為，本公司於截至二零零四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。

CORPORATE AFFAIRS

Corporate Governance

Audit Committee

The Audit Committee comprises independent non-executive directors, Mr. Yung Wing Ki, Samuel MH (Chairman) and Mr. Ho Kwok Shing, Harris and a non-executive director, Mr. Lo Chi Chung, William. During the year, the Audit Committee held three meetings with all members present to review with 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.

After each audit committee meeting, the Audit Committee Chairman will present a report to the Board which highlights any significant issues discussed in the meeting for the Board's information and consideration.

To assist the Audit Committee to carry out its duties, the Process Improvement and Internal Audit (PIIA) Subcommittee 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 directly 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. Corresponding strategies are formulated and system is implemented to prevent and manage such risks. During the SARS outbreak, the CRMC has held meetings to formulate precautionary measures and business contingency plan in quick response to the potential threat to the organization so as to minimize the impact.

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, 2004.

企業事務 (續)

公司管治 (續)

投資者關係

集團一向注重與投資者的溝通，並且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、廠房參觀及投資者電郵通訊等方法，確保能全面並及時披露有關資料，增加集團對投資界的透明度。

員工關係

於二零零四年三月三十一日，本集團於香港聘有256名僱員(二零零三年: 249名)，於中國大陸聘有4,261名僱員(二零零三年: 3,737名)，而於新加坡則聘有78名僱員(二零零三年: 75名)，這與去年同期相比，三個地區分別增長約2.8%、14.0%及4.0%。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。

集團管理層每半年均會與高級職員舉行高級職員交流大會，目的是闡釋集團的政策及發展；另外在業績公佈後舉行的員工交流大會，讓全體員工更能了解集團狀況，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，並作為分享資料及經驗的另一有效途徑。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。

CORPORATE AFFAIRS (Continued)

Corporate Governance (Continued)

Investor Relations

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

Employees Relations

At 31st March, 2004, the Group has on its payroll 256 (2003: 249) employees in Hong Kong, 4,261 (2003: 3,737) in Mainland China and 78 (2003: 75) in Singapore representing an increase of 2.8%, 14.0% and 4.0% 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.

The Group's management delivers and explains strategic policies and development of the Group to senior staff at half yearly communication sessions. Staff communication sessions are held after the results announcements so as 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.

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企業事務 (續)

員工關係 (續)

除了上述的溝通渠道外，集團亦不時舉辦各項聯誼活動，如在今年初，集團為香港員工特別安排到泰國布吉及南韓漢城旅遊，藉以提升集團的團隊精神及加強內部溝通。



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，及獲得大家積極參與，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。集團為高級職員提供全面優質管理培訓，讓參加者瞭解全面優質管理的概念及作為全國質量獎評審框架的卓越績效模式內容，為業務自我評審作好準備。

ISO 9001 及 ISO 14000

集團已於二零零零年成功合併ISO 9001及ISO 14000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。集團已提升系統至符合新的ISO 9001:2000品質管理標準。

CORPORATE AFFAIRS (Continued)

Employees Relations (Continued)

Apart from the aforesaid communication channel, the Group conducts social activities in a regular basis. This year, the Group arranged tours to Phuket, Thailand and Seoul, South Korea for Hong Kong staff in order to strengthen internal communication and boost the team spirit.



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. In addition, the Group provides senior staff training for Total Quality Management (TQM) to enable the participants to understand the TQM concepts and Performance Excellence Model (the assessment framework of the National Quality Award) for the preparation of the implementation of Business Self-Assessment.

ISO 9001 AND ISO 14000

The two systems were combined in 2000 for 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 has upgraded the system to attain the new ISO 9001:2000 standard.