

Management Discussion and Analysis 管理階層之研究及分析

For the year ended 31st March, 2004, the Group achieved a turnover of HK\$613,059,000 representing a year-on-year growth of 40%. The Group's profit attributable to shareholders was HK\$71,078,000 compared with a loss of HK\$2,565,000 of the last financial year. The turn-around performance was mainly contributed to full year operation of the Group's digital electronics products business and the disposal of its non-core business.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st March, 2004.

REVIEW OF OPERATIONS

Sales and Marketing

Since diversifying into the digital electronics products business in late 2002, the performance has always been encouraging. Turnover from the Group's major markets USA and the PRC represented for 94% of the Group's total turnover.

The prolonged improvement of the global economic conditions has accelerated the demand of digital electronics products and the Group was able to take this advantage and captured a substantial increase in sales volume. In the meanwhile, the supply shortage and price fluctuation on memory integrated circuits has caused a slight drop in the gross profit margin.

During the year, the Group has established its export market team and has successfully exploded to the USA digital market. To extend our presence in the global market, the Group has participated in major international trade fairs including the CES show in Las Vegas, the USA and CeBIT show in Hannover, Germany.

Focused on developing the immense potential of the IT market in the PRC & Asian region, the Group has extended its sales channels and regional offices to major cities, including Shenzhen, Beijing, Shanghai, Xian, Dalian, Singapore and Taipei. In order to strengthen its overseas marketing and broaden its customer bases, the Group has recently re-located its export marketing team into Hong Kong, where better international support can be asserted to the business.

截至二零零四年三月三十一日止年度，本集團錄得營業額613,059,000港元，按年增長40%。本集團之股東應佔溢利為71,078,000港元，而對上財政年度為虧損2,565,000港元。業績能夠轉虧為盈，主要由於本集團數碼電子產品業務全年投入運作以及年內出售非核心業務。

股息

董事建議不派發截至二零零四年三月三十一日止年度之股息。

業務回顧

銷售及市場推廣

自二零零二年下半年起，本集團擴展其多元化業務至數碼電子產品後，表現一直令人鼓舞。本集團的最大市場美國及中國佔本集團總營業額的94%。

全球經濟環境持續改善令數碼電子產品的需求不斷增加，而本集團能夠掌握時機，以致銷售額大幅上升。但記憶體集成電路短缺及價格波動以至毛利率輕微下降。

年內，本集團設立出口市場隊伍並成功開發美國數碼產品市場。為提高本集團在國際市場的知名度，本集團參加多項主要國際貿易展覽，包括在美國拉斯維加斯的CES展覽及德國漢諾威的CeBIT展覽。

為開發無限發展潛力之中國資訊科技市場，本集團已將其銷售渠道及地區辦事處擴展至國內各主要城市，包括深圳、北京、上海、西安、大連、成都及武漢。本集團近期把出口市場推廣隊伍遷至可獲得更佳國際支援服務的香港，藉以加強其海外市場推廣及擴闊客源。



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In view of enormous growing demand for digital electronics products, the Group has strengthen its existing R&D team, focusing on product enhancement and is planned to launch new generations of digital electronics products on a very tight intervals.

Production

To cater for the growth of its core business, the Group has geared up the production capacity of its Dalian factory and together with the acquisition of a new manufacturing plant in Shenzhen during the year, the Group now has a total of 18 production lines equipped with high speed advanced Surface Mount Technology (“SMT”) facilities. The new production plant of the Group located in Shenzhen has a total floor space of over 25,000 square meters, with a fully integrated operation that can manufacture high quality digital electronics products such as MP3, LCD TV, Pocket PC and digital memory devices on a mass scale.

To fully utilize the production capacity of its factories, the Group also established its ODM and OEM business. The Group will extend its ODM and OEM business to the PRC, Japan, Korea & Taiwan.

Apparel & peripherals

In line with the Group’s overall business and resources allocation strategies, the Group sold all of its apparel & peripherals business during the year. The disposal enabled the Group to realize a profit of HK\$10,083,000.

PROSPECTS

We look to 2005 with optimism. Hong Kong is uniquely positioned to benefit from the PRC’s robust economic growth. The Closer Economic Partnership Arrangement (“CEPA”) is a very strong catalyst for the economic integration between Hong Kong and the PRC. This offers plenty of investment opportunities and long-term economic prospects for Hong Kong.

有鑒於數碼電子產品需求增長驚人，本集團加強現有研發隊伍陣容專注於產品改良，並計劃在短時間內推出新一代的數碼電子產品。

生產

為配合核心業務的增長，本集團已擴大其大連廠房的生產能力，年內於深圳購入一個新生產廠房。目前本集團擁有18條配備高速自動貼片機(SMT)設施的生產線。本集團位於深圳的新廠房總樓面面積超過25,000平方米，配合其完善運作可大量生產高質素數碼電子產品如MP3、液晶體顯示屏電視、袋裝個人電腦及數碼記憶體裝置。

為全面使用其廠房的生產能力，本集團亦設立原創設計製造(ODM)及原件製造(OEM)業務，本集團將會擴大此業務至中國、日本、南韓及台灣等地。

衣飾及配飾

為配合整體業務及資源分配策略，本集團於年內將其衣飾及配飾業務全部出售。出售事項使本集團獲得10,083,000港元利潤。

展望

本集團對二零零五年抱著樂觀態度。香港憑藉其獨有之優越條件，勢必隨着中國蓬勃之經濟增長而受惠不淺。更緊密經貿關係安排大力促進香港與中國經濟一體化，為香港提供大量投資機會及開辟長遠經濟發展前景。



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The Group's marketing objective is to give the brand increasing international exposure and to become a world-class brand name. In the coming year, the Group will continue to participate in international trade fairs and exhibitions in order to expose our products to more potential customers. With an experienced overseas marketing team, we are confident that our overseas sales in 2005 will overshoot that of 2004.

Our existing ODM and OEM products are mainly targeted for the overseas markets. To capture for a larger market share, the Group will actively seek for more potential OEM and ODM customers by ways of comprehensive marketing campaign and leverage on our strength in the overseas markets.

Apart from expanding our production capacity, refining production techniques and maintaining a high product quality, we continuously respond to the increasing market demand for more sophisticated products by placing additional efforts on enhancing product designs and building brand awareness.

Coupled with a widening customer base and the successful launches of our new products, we will continue to enhance our management structure through the restructuring and promoting of greater efficiencies in product development and design. With these initiatives, the Group endeavors to strengthen its foundation to achieve a long-term growth and improved profitability.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities granted by its principal bankers in Hong Kong. As at 31st March, 2004, the Group's total assets amounted to HK\$781,236,000 (2003: HK\$252,063,000) which was financed by shareholders' funds of HK\$576,578,000 (2003: HK\$145,834,000), long-term and current liabilities of HK\$204,658,000 (2003: HK\$106,229,000).

本集團之市場推廣目標為令松日品牌逐漸為國際所認識，繼而成為世界知名品牌。來年，本集團將繼續參與國際商品交易會及展覽，以便本集團產品受到更多準客戶認識。憑藉經驗豐富之海外市場推廣隊伍，本集團深信二零零五年之海外銷售額定必超越二零零四年。

本集團現有之原件製造(OEM)產品及原創設計製造(OEM)主要為海外市場而設。本集團將積極透過廣泛市場推廣活動及充分利用本集團於海外市場之優勢，爭取更多原件製造(OEM)及原創設計製造(ODM)產品之準客戶，務求取得更大之市場佔有率。

除擴大生產能力，改良生產技術及維持高質素產品外，本集團亦不斷因應市場對尖端科技產品日益需求下，付出更多努力以改善產品之設計及提高品牌之知名度。

擴闊客戶基礎，以及加上新產品成功推出，本集團將繼續透過重整以加強管理層結構及提高產品開發及設計之效率。本集團採取上述措施，竭盡所能鞏固基礎，務求達致長遠增長及提升盈利能力。

資本結構、流動資金及財政資源

本集團一般以集團內部產生的資源及由香港主要往來銀行的銀行信貸提供經營業務所需資金。於二零零四年三月三十一日，本集團總資產為781,236,000港元(二零零三年:252,063,000港元)，資金來源為股東資金576,578,000港元(二零零三年:145,834,000港元)，長期及流動負債204,658,000港元(二零零三年:106,229,000港元)。



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The Group consistently adopts a conservative treasury policy and maintains a solid financial position. Cash and bank balances of the Group as at 31st March, 2004 totalled HK\$191,560,000 (2003: HK\$39,144,000) and the current ratio was 3.03 (2003: 1.87).

As at 31st March, 2004, the Group had a gearing ratio of 14% compared with 44% as at 31st March, 2003 calculated on the basis of the Group's bank borrowings over shareholders' funds.

FOREIGN CURRENCY EXPOSURE

The Group's sales and purchase transactions and bank borrowings are primarily denominated in either Hong Kong Dollars, United States Dollars, or in the local currencies of the operating subsidiaries. The Directors considered that the Group had no significant exposure to foreign exchange fluctuations and had no material contingent liabilities as at the reporting date.

USE OF PROCEEDS FROM ISSUE OF NEW SHARES

The proceeds from issue of 339,391,122 new shares by the Company in September 2003, net of listing expenses, were approximately HK\$333.5 million. The net proceeds have been fully utilized as stated in the circular except for the following as unutilized balance, which has been placed short term bank deposits:

- (a) approximately HK\$12 million for the acquisition of the land and plant in the PRC;
- (b) approximately HK\$4 million for the leasehold improvement and acquisition of furniture;
- (c) approximately HK\$10 million for acquisition of machinery and equipment;
- (d) approximately HK\$21 million for product development; and
- (e) approximately HK\$28 million for advertising and promotions.

本集團採納一個較為保守的理財政策，財務狀況穩健。本集團於二零零四年三月三十一日之現金及銀行結餘合共191,560,000港元（二零零三年：39,144,000港元），流動比率為3.03倍（二零零三年：1.87）。

於二零零四年三月三十一日，本集團之負債比率（按本集團之銀行借貸除以股東資金計算）為14%，相對於二零零三年三月三十一日為44%。

外匯風險

本集團之買賣交易及銀行借款大部份均以港元、美元或附屬公司經營業務所在地的貨幣計算。董事認為本集團並無重大外匯波動風險，而於報告日期亦無重大或然負債。

發行新股所得款項用途

本公司於二零零三年九月發行339,391,122股新股之所得款項在扣除上市費用後約為333,500,000港元。所得款項淨額已完全用於通函所述之用途，惟有以下結餘作為短期銀行存款：

- (a) 約12,000,000港元用作在中國購入土地及廠房；
- (b) 約4,000,000港元用作租賃物業裝修及購買傢俬；
- (c) 約10,000,000港元用作購買機器及設備；
- (d) 約21,000,000港元用作產品開發；及
- (e) 約28,000,000港元用作產品廣告及宣傳。



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EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2004, the Group had approximately 500 employees. Total staff costs for the year including directors' emoluments amounted to HK\$28 million (2003: HK\$92 million). Competitive remuneration packages commensurate with individual responsibilities, qualifications, experience and performance are structured. In addition, the Group has adopted a share option scheme and discretionary bonus policy for eligible employees.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

In compliance with the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), an Audit Committee comprising two independent non-executive directors was formed. Reporting to the Board of Directors of the Company, the Audit Committee is dedicated to the review and supervision of the Group's financial reporting process and internal controls.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board has resolved to propose certain amendments to the articles of association of the Company in compliance with the new requirements of the Listing Rules on the Stock Exchange which became effective on 31st March, 2004. Details of the proposed amendments will be set out in the notice of the forthcoming annual general meeting to be published as soon as practicable.

僱員及薪酬

於二零零四年三月三十一日，本集團約有500名僱員。年內之員工總成本（包括董事酬金）為28,000,000港元（二零零三年：92,000,000港元）。本集團因應員工之職責、資歷、經驗及表現設計具競爭力的薪酬方案。此外，本集團已為合資格僱員採納購股權計劃及酌情花紅政策。

購入、出售或贖回本公司股份

本公司或其任何附屬公司於年內並無購入、出售或贖回任何本公司之上市證券。

審核委員會

本公司已遵守香港聯合交易所有限公司之規定，設立由兩位獨立非執行董事組成之審核委員會。審核委員會專責審閱及監督本集團之財務報告程序及內部控制。

建議修訂本公司組織章程大綱及細則

董事會議決，根據於二零零四年三月三十一日生效之聯交所上市規則之新規定，建議修訂本公司組織章程細則。建議修訂之詳情將盡快刊登於應屆股東週年大會通告。