



We Connect

聯繫世界 the World



SATELLITE RECEIVERS

衛星接收器

Dear shareholders,
On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Tonic Industries Holdings Limited.

致各股東：
本人謹代表董事會欣然提呈東力實業控股有限公司之全年業績報告。



BUSINESS REVIEW AND OUTLOOK

For the year under review, the Group achieved a turnover of approximately HK\$2,074 million, against that of HK\$2,680 million recorded last year. EBITDA and profit attributable to shareholders were HK\$96 million and HK\$26 million respectively, as compared with HK\$132 million and HK\$43 million last year.

Sales in the first half of the year were sluggish as the result of the Iraqi war and the outbreak of SARS. Before the outcome of the events is clear, to avoid the risk of stock becoming obsolescent and price plunging, customers were conservative. Business recovered rapidly in the second half of the year and a 27% growth in turnover over the first six months was recorded. Demand continued to grow as the Group advanced into 2004 with significant sales reported for April to June 2004.

業務回顧及展望

本集團於回顧年度錄得營業額約2,074,000,000港元，去年則錄得營業額2,680,000,000港元。未計利息、稅項、折舊及攤銷前盈利及股東應佔溢利分別為96,000,000港元及26,000,000港元，去年則分別為132,000,000港元及43,000,000港元。

受到伊拉克戰事及非典型肺炎爆發之影響，本年度上半年銷售表現呆滯。在該等事件未有明確定局前，為免承受存貨過時及商品價格下跌之風險，客戶在採購方面均表現保守。然而，隨着事件明朗化後，本年度下半年業務迅速轉好，營業額較首六個月增長27%。踏入二零零四年，市場需求持續增長，於二零零四年四月至六月期間，本集團亦錄得可觀銷售額。

The prices of key components, such as flash memory and RAM (random access memory), rose quickly as demands increased in the second half of the year. Not only did component prices increase, supply was also very tight at different times. Flash memory and RAM typically accounted for 5-10% of the total material costs and the surge in prices affected the profit margin in the second half of the year. With demand stabilizing towards the end of the 2003 financial year, the prices of these components lowered and supply returned to normal.

Our main factory at Tong Xia, which accounted for 90% of the group's total production, has since 2000 been equipped with heavy oil electricity generators. These generators using heavy oil provide electricity to the plant at a much cheaper cost than power supplied by the government or by using diesel fuel generator. Currently the factory has six sets of heavy oil generator of 2200 KW each meeting adequately all the needs of the factory. The factory's operation had not been disrupted once by recent electricity halt in China.

Through continuous research and development of new digital products, the Group has strengthened its overall competence. Our product and engineering departments in Hong Kong, Shenzhen and Dongguan work very closely with solution providers and component suppliers. During the year, the Group purchased an office in Shenzhen for use as a research and development centre for new digital products. The various new products in the pipeline included digital satellite receivers, cable set top boxes, LCD TV and DVD recorders. All these new products will be launched this year and we expect them to generate significant and constant contributions to the Group in the coming years.

由於市場需求殷切，主要零件如快閃記憶體及RAM（隨機存取記憶體）等價格均於本年度下半年大幅飆升。除零件價格上漲外，有關供應量亦於不同時間出現緊絀情況。快閃記憶體及RAM一般佔總物料成本之5-10%。本年度下半年價格急升，影響邊際利潤。隨著市場需求於二零零三財政年度後期回穩，該等零件價格回落，供應亦回復正常。

佔本集團生產總額90%之塘廈主廠房，自二零零零年起已配備多部重油發電機。該發電機利用重油供電至廠房，相比由政府供電或利用柴油發電機之成本更低。目前，該廠房設有六組每組分別為2200千瓦之重油發電機，足夠應付廠房生產所需。縱然中國近期發生缺電情況，廠房之運作亦未有受到影響。

通過不斷研發新數碼產品，本集團已加強本身整體實力。本集團於香港、深圳及東莞設有產品及工程部與方案供應商及零件供應商緊密合作。年內，本集團已於深圳購入一所辦公室，作為各類新數碼產品之研發中心。多項新研發之數碼產品包括數碼衛星接收器、有線電視機頂盒、LCD電視及數碼光碟（DVD）錄影機。上述所有新產品將於今年推出，我們預期將可在未來數年為本集團帶來可觀而穩定的收益。

Shenzhen Office 深圳辦事處



Show Booth in Beijing 北京展銷櫃

Dubai free zone 杜拜自由區



Show Booth in USA 美國展銷櫃

During the year the Group has set up two marketing offices in Dubai and Shenzhen respectively to promote the sales of digital satellite receivers in the Middle East and cable set top boxes in China. The two offices have both received orders and production will start this month. Our research indicates strong demand for these products in the two regions. We have confidence that these two markets will become significant market segments of the Group in the future.

To support the launch of new products and forecasted surge in demand for digital products, the Group acquired land in Shek Pai, Dongguan for constructing new factory buildings. Construction of the new production facilities had begun in 2004 and will be completed in early 2005, boosting the Group's production capacity by at least 60%. The cost of construction, estimated at approximately HK\$60-80 million, will be financed partly internally and partly by the syndicated loan obtained in 2004.

年內，本集團分別在杜拜及深圳成立市場推廣辦事處，藉以在中東推銷數碼衛星接收器及在中國推銷有線電視機頂盒。兩個辦事處均已接獲訂單，並將於本月投產。根據本集團調查顯示，以上兩個地區對上述產品之需求強勁。因此，我們深信，這兩個市場未來將成為本集團的重要市場。

為支持推出新產品及應付預期急升之數碼產品需求，本集團於東莞石排收購土地，用作興建新廠房大樓。新生產設施之建築工程已於二零零四年動工，並將於二零零五年初竣工。屆時，本集團的生產力將可提升至少60%。建築成本估計約6,000萬至8,000萬港元，將分別由內部資源及於二零零四年取得之銀團貸款撥付。

Our continuous deployment of resources on research and development ensures that we are in pace with the latest technological developments, hence enables us to develop new products that meet the demand of the changing markets. Our strategy in exploring new markets minimizes the impact of economic fluctuation of any particular geographical segment. While the consumer market remains strong and analogue type electronics are rapidly replaced by digital products, we are confident that our business will continue to improve in the coming year.

FINAL DIVIDEND

The Board of Directors recommended the payment of a final cash dividend of HK0.5 cent (year ended 31 March 2003: HK1.5 cents) per share. Together with the interim dividend of HK1 cent per share paid on 14 January 2004, total dividend for the Year is HK1.5 cents per share.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 21 September 2004 to 23 September 2004, both days inclusive, during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m., on 20 September 2004.

APPRECIATION

On behalf of the Group, I would like to express my gratitude to our customers and business partners for their continuous co-operation and support for the Group. I would also like to thank my fellow board members for their dedication and commitment to the Company, and my colleagues for their efforts and hard work in the past year. We will strive to improve on the results of the Company and bring in better returns for our shareholders.

本集團持續調配資源於研發方面，確保本集團能緊貼最新科技發展，以便開發出與時並進之新產品，以迎合市場需要。本集團拓展新市場之策略，可將任何地域的經濟波動所帶來的影響減到最低。有見消費市場仍然強勁，加上數碼產品迅速取代模擬制式電子產品，我們相信，本集團業務將於未來一年逐步改善。

末期股息

董事會建議派發末期現金股息每股0.5港仙（截至二零零三年三月三十一日止年度：1.5港仙）。連同於二零零四年一月十四日派發之中期股息每股1港仙，本年度之股息總額為每股1.5港仙。

暫停辦理股東登記手續

本公司將於二零零四年九月二十一日至二零零四年九月二十三日（包括首尾兩日）暫停辦理股東登記手續，期間亦不會登記任何股份過戶。為確保可享有擬派之末期股息，所有過戶文件連同有關股票最遲須於二零零四年九月二十日下午四時三十分前交回本公司香港股份過戶登記處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

致謝

本人謹代表本集團衷心感謝客戶及業務夥伴一直以來對本集團的合作與支持。此外，本人亦就過去一年董事會成員對本公司作出的貢獻和承擔以及同事的辛勤努力深表謝意。本集團將繼續致力改善本公司業績，為股東帶來更佳回報。

DIRECTORS

As at the date of this report, the Board of Directors comprises six executive directors – Mr. Ling Siu Man, Simon, Mr. Lee Ka Yue, Peter, Mr. Wong Ki Cheung, Ms. Li Fung Ching, Catherine, Mr. Au Wai Man and Mr. Liu Hoi Keung, Gary, non-executive director – Mr. Wong Wai Kwong, David, and independent non-executive directors – Mr. Ho Fook Hong, Ferdinand and Mr. Pang Hon Chung.

LING Siu Man, Simon

Chairman & Managing Director

Hong Kong
16 July 2004

董事

於本報告日期，董事會成員包括六名執行董事凌少文先生、李嘉渝先生、黃其昌先生、李鳳貞女士、區偉民先生及廖開強先生；非執行董事黃偉光先生，以及獨立非執行董事何福康先生及彭漢中先生。

凌少文

主席兼董事總經理

香港
二零零四年七月十六日