

### WORKING CAPITAL MANAGEMENT

Sales for March to May 2004 were approximately HK\$730 million as compared to approximately HK\$380 million of the corresponding period last year. Traditionally this period is a low season but the strong sales in the second half of the year have carried on after the year end. As a result the accounts receivable and inventory as at 31 March 2004 increased substantially from last year's. The percentage of accounts payable and trust receipt loans did not increase as much as the accounts receivable mainly due to more cash purchase on the flash memory and RAM. Factoring into consideration the substantial increase in sales for this period, the turnover day for working capital is in line with the normal term of the Company.

### LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2004, the Group had total borrowings of approximately HK\$535 million as compared with that of HK\$390 million last year, of this HK\$525 million was in bank borrowings and HK\$10 million was for obligations under finance leases. The Group's borrowings were denominated in Hong Kong dollars and bear interest mainly at floating rates. Bank balances and cash amounted to 194 million and were mainly denominated in Hong Kong dollars. Gearing ratio was 86%, from calculation based on net borrowings over shareholders funds.

The Group is not exposed to material currency fluctuation risks, as most of its receivables are in US dollars and payable in Hong Kong and US dollars. Except for a few customers whom we offer credit on an open account basis, we transact business with all other customers on letter of credit basis.

### 營運資金管理

二零零四年三至五月之銷售額約730,000,000港元，去年同期則約380,000,000港元。傳統上，該段時間為銷售淡季，但本年度下半年銷售暢旺，強勁勢頭一直持續至年底。因此，截至二零零四年三月三十一日止，應收賬款及存貨較去年大幅增加。應付賬款及信託收據貸款之升幅則不及應收賬款，主要由於本集團動用更多現金採購快閃記憶體及RAM。計算及本期間之可觀銷售額增長後，營運資金週轉日數與本公司之一般條款相若。

### 流動資金及財務資源

於二零零四年三月三十一日，本集團借款總額約為535,000,000港元，而去年則為390,000,000港元，當中525,000,000港元及10,000,000港元分別為銀行借款及融資租約承擔。本集團之借款主要以港元結算及以浮動利率計息。銀行結存及現金達194,000,000元，主要以港元結算。資產負債比率為86%，乃按借款淨額除以股東資金計算。

由於本集團大部分應收款項以美元結算，而應付款項以港元及美元結算，故所面對外匯波動風險不大。除向數名客戶以記賬方式提供信貸外，本集團與所有其他客戶均以信用證進行交易。

### TAXATION

The Group's filing of tax returns on a consolidated basis, instead of on an individual company basis had been challenged by the Hong Kong Inland Revenue Department ("IRD") starting from the years of assessment 1998/99 (the "Prior Years"). The IRD has now agreed the assessments with the Company. Approximately HK\$2 million tax refund was received from the IRD and there was no underprovision on income tax on prior years.

### EMPLOYEES RELATION

As at 31 March 2004, the Group had 130 staff stationed in Hong Kong and overseas offices and 12,000 staff and workers working in its two PRC factories. Total salaries and wages amounted to approximately HK\$134 million for the year. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and market conditions. The Group provides staff with year-end double pay, discretionary bonuses, a provident fund, medical insurance and training.

### 稅項

香港稅務局（「稅務局」）質疑本集團自一九九八／九九課稅年度（「過往年度」）起按綜合基準而非按個別公司基準填報報稅表是否恰當。稅務局現已就評稅與本公司達成協議。本集團已收回香港稅務局約2,000,000港元之退稅，而過往年度就所得稅並無不足撥備。

### 僱員關係

於二零零四年三月三十一日，本集團香港及海外辦事處僱有130名員工，而中國兩間廠房則僱有12,000名員工及工人。本年度之薪金及工資總額約為134,000,000港元。薪金及工資一般每年根據工作表現評核及市場狀況進行檢討。本集團為員工提供年終雙糧、酌情花紅、公積金、醫療保險及培訓。