

管理層研究及分析

Management
Discussion & Analysis



管理層研究及分析

Management Discussion & Analysis

營商環境

延續二零零三年的經濟復甦，香港經濟的增長步伐在二零零四／二零零五年度亦見不俗，但隨之而來的經營成本上升亦值得關注。珠三角是香港的生產基地，內地的成本上升勢頭明顯，這在租金、物料及工資等方面皆可見到，而工人短缺及電力不足，更是廠商經常遇到的情況。集團對此亦有所關注，並會採取適當的應變策略。

作為一間科技型企業，集團未來的發展，有賴一支龐大而高質素之科研隊伍，為集團生產更創新、更具競爭力的產品。而隨著香港經濟轉型，知識型經濟專才及科研人材需求越來越大，相信政府亦會檢討人材政策，為香港輸入海外及內地專才，以創造更佳的營商環境，這有助香港提升競爭力，亦能帶動集團的業務增長。

財務檢討

集團全年營業額錄得約1,310,000,000港元，相對去年同期的約1,356,000,000港元減少了3%。年度內掌上電子產品及原件設計生產業務的營業額分別為約659,000,000港元及約651,000,000港元。

BUSINESS ENVIRONMENT

In continuing the economic recovery since 2003, Hong Kong economy has been growing quite well in the past year. However, the elevated business running cost that comes along with the recovery is also noteworthy. The Pearl River Delta is the production base of Hong Kong. The escalating trend of operation costs is conspicuous as can be seen in the rental, raw materials and wages fronts. Moreover, the shortages of skilled labour and electricity supply are frequent occurrences to most factory operators. The Group is well aware of and closely monitoring the situation so as to formulate the appropriate response strategies.

Being a technology based enterprise, the Group's future development hinges on a strong and quality research and development team which can bring in for the Group more innovative and competitive products. As Hong Kong is gradually changing to become a knowledge-based society, the need for talents excel at knowledge-based economy and research and development is increasing. It is believed that the Government will work on reviewing its policies on attracting and keeping talents and expertise in Hong Kong, and to help bring in talents from overseas countries or the mainland. This will improve Hong Kong's business running environment and enhance our competitiveness. This will also promote the Group's business growth.

FINANCIAL REVIEW

Turnover of the financial year is approximately HK\$1,310 million, which is 3% lower than approximately HK\$1,356 million of the previous year. During the year under review, electronic handheld products business and original design manufacturing business recorded turnovers of approximately HK\$659 million and approximately HK\$651 million respectively.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

財務檢討（續）

集團全年經營溢利合共約69,000,000港元，較去年下降約34,000,000港元，或33%。在計算稅前溢利前有兩個項目開支：融資成本主要為利息開支約1,000,000港元（二零零四年：約2,000,000港元）及出售一附屬公司之非經常性虧損約5,000,000港元。稅前溢利為約63,000,000港元。計算少數股東權益及所得稅撥回後，本年度溢利較去年減少約100,000,000港元，至約62,000,000港元。二零零三／二零零四年財政年度錄得有兩項總數為約62,000,000港元之非經常性收益項目，來自回購早前向一附屬公司之少數股東發行之可兌換及可贖回優先股之回購溢利及其溢利反回。扣除是年度的非經常性虧損項目及上年度的非經常性收益項目，本年度溢利較去年財政年度實質減少約33,000,000港元。

資產負債表方面，存貨及應收貿易賬款分別增加及減少約29,000,000港元及約101,000,000港元，至約189,000,000港元及約86,000,000港元。此乃反映各SBU業務於是財政年度內有不同的業務增長所致。

銀行結餘及現金（包括銀行存款）約282,000,000港元，淨現金結餘（即銀行存款餘額扣除銀行借貸）為約246,000,000港元，較去年的約154,000,000港元增加60%。穩固之現金結餘乃由於年內充裕的現金流入所致。經營業務所產生之淨現金為約160,000,000港元（二零零四年：約110,000,000港元），主要來自持續經營業務的盈利及應收貿易賬款之減少。

FINANCIAL REVIEW (Continued)

Operating profit for the year is approximately HK\$69 million, representing a decrease of approximately HK\$34 million or 33%. There are two charging items in deriving the profit before taxation. Finance costs mainly represent the interest expense of approximately HK\$1 million (2004: approximately HK\$2 million) and the exceptional loss on disposal of a subsidiary of approximately HK\$5 million. Profit before taxation is approximately HK\$63 million. After taking into account the income tax credit and minority interests, profit for the year is approximately HK\$62 million, representing a decrease of approximately HK\$100 million. In 2003-2004 financial year, there were exceptional gain items of approximately HK\$62 million in total on repurchase of convertible redeemable preferred shares issued to minority shareholders of a subsidiary and on reversal of premium on the convertible redeemable preferred shares issued to minority shareholders of a subsidiary. Excluding the exceptional loss item of the year and the exceptional gain item of the previous year, the profit for the year represents a decrease of approximately HK\$33 million as compared with the previous financial year.

On the balance sheet side, inventories have increased by approximately HK\$29 million to become approximately HK\$189 million and trade receivables decreased by approximately HK\$101 million to approximately HK\$86 million. The changes are due to the differential growth in different SBU businesses in the fiscal year.

Bank balances and cash (including bank deposits) amount to approximately HK\$282 million. Net cash (i.e. after deducting bank borrowings from balances of bank deposits) is approximately HK\$246 million that is 60% higher than approximately HK\$154 million of the previous year. The solid cash position is the result of a very strong cash inflow during the year. Net cash generated from operating activities is approximately HK\$160 million (2004: HK\$110 million). This is attributable to the profits generated in the continuing businesses and a decrease in trade receivables.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

財務檢討（續）

總銀行借貸為約37,000,000港元。銀行借貸中，約73%或約27,000,000港元為短期借貸，如出入口票據等，將於一年內到期，其餘約10,000,000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

集團於二零零五年三月三十一日的銀行結餘及現金（包括銀行存款）總額約282,000,000港元，相比十二個月前增加了約39,000,000港元，亦即16%。同期的總銀行借貸則由約89,000,000港元下跌至約37,000,000港元。

期間現金淨流入增加，是得益於經營業務的淨現金流入所致。

集團大部份的銀行借貸是於一年內到期的短期借貸，約有27,000,000港元，佔總額的73%，其餘約10,000,000港元之銀行借貸則屬於一年期以上才到期的長期借貸。

截至二零零五年三月三十一日止，集團的負債比率，即總銀行借貸除以股東權益總數，由十二個月前的15%減少至6%，相應地，期內的利息支出亦由十二個月前的約2,000,000港元減至約1,000,000港元。

FINANCIAL REVIEW (Continued)

Total bank borrowings amount to approximately HK\$37 million. Among them, about 73% or approximately HK\$27 million, are short term borrowings such as trade bills that are to be due within a year. The remaining approximately HK\$10 million are long term financing that are to be due beyond one year. Maturity and security profiles of bank borrowings are contained in note 25 of 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 secure their continual support.

It is noted that the balance sheet of the Group is getting healthier than previous year and is setting a strong and solid foundation for future growth.

Liquidity and Financial Resources

On 31st March, 2005, the bank balances and cash (including bank deposits) were approximately HK\$282 million in total, which was approximately HK\$39 million or 16% higher than that at 31st March, 2004. Total bank borrowings have decreased from approximately HK\$89 million to approximately HK\$37 million in the twelve months' period.

Continuous positive operating cash inflow has resulted from net cash generated from operating activities.

Most of the bank borrowings are short term in nature, around HK\$27 million or 73% of total, which would be due within one year. The remaining bank borrowings of around HK\$10 million are long term borrowings which are to be due in more than one year.

As at 31st March, 2005, the gearing ratio, defined as total bank borrowings divided by shareholders' equities, has decreased from 15% to 6% in the twelve months' period. As a result, the interest expenses for the twelve months' period have reduced from approximately HK\$2 million to approximately HK\$1 million.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

財務檢討（續）

出售一附屬公司

在二零零四年九月，集團出售其新加坡科研附屬公司予一新加坡上市公司，作價為10,000,000港元，是次交易為集團帶來約5,000,000港元虧損，已於截至二零零五年三月三十一日的綜合損益表內反映。

物業及資產抵押

集團於是年內並無購置或出售任何物業。

於二零零五年三月三十一日止，集團把賬面總值約87,000,000港元的資產抵押予銀行，作為一般的融資擔保，這相對十二個月前的數額減少了約13,000,000港元。

或然負債

於二零零五年三月三十一日止，集團的有追索權銀行貼現票據為數約95,000,000港元，對比十二個月前上升了約73,000,000港元。

外匯及財務管理政策

集團的大部份商業交易、資產及負債，皆以港元、美元或人民幣結算，只有一小部份採購交易是以日元結算。集團一向奉行謹慎的財務管理政策，小心控制外匯風險，亦沒有進行任何利率或外匯的投機活動。

FINANCIAL REVIEW (Continued)

Disposal of a Subsidiary

In September 2004, the Group sold its Singapore based research and development subsidiary to a Singapore listed company at a consideration of HK\$10 million. The transaction has incurred a loss of approximately HK\$5 million, which has been reflected in the consolidated income statement for the year ended 31st March, 2005.

Properties and Charges on Assets

There is no addition or disposal of properties during the year.

In securing general banking facilities, certain assets were pledged to banks as collaterals, of which the carrying value amounted to approximately HK\$87 million as at the end of 31st March, 2005. This is approximately HK\$13 million lower than that of the previous twelve months' period.

Contingent Liabilities

As at 31st March, 2005, the trade bills discounted to banks with recourse amounted to approximately HK\$95 million which were approximately HK\$73 million higher than those of twelve months ago.

Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars or China Reminbi. A small portion of the Group's raw material purchase is denominated in Japanese Yen. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact to the Group. The Group does not engage in any interest rate or currencies speculations.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

電子辭典

業務回顧

相比上年同期，本SBU在二零零四／二零零五年財政年度營業額錄得些微跌幅，這是因期內中國內地市場表現欠佳所致。面對內地的激烈競爭，集團以謹慎的策略，小心觀察市場環境，在資本投放與市場推廣計劃上採取保守態度，與此同時，集團致力簡化工作流程，增進效率，進一步降低分發及經銷方面的成本。

香港及其他主要海外市場在上年度仍有穩定增長，這些地區的業務增長，實有賴集團過往集中資源及致力於中及高檔產品的科技投資之策略。

集團的新產品具備更廣泛的學習內容及更多娛樂功能，甫推出市場便得到頗佳之回應，集團最新推出的中英及英中雙向全句翻譯辭典，亦為集團提高了市場的佔有率。

展望

儘管電子辭典市場競爭激烈，集團相信憑藉優良的品牌及在亞洲所建立之完善銷售渠道，未來之營商前景仍然良好。

集團會繼續集中發展中及高檔產品，灌注更創新的設計、更多更佳的功能、更豐富的學習內容及領先的翻譯科技。互動學習概念將會是新產品的主要元素之一，集團相信新產品將會在來年為集團帶來良好的銷售表現。集團亦預計香港及亞洲市場未來會有穩定增長，而產品的合理盈利率仍能保持。至於內地市場，集團將繼續投入適當資源以配合集團之發展策略。

ELECTRONIC DICTIONARY

Review

The sales revenue of the SBU in the financial year 2004-2005 has recorded a slight drop in comparing with the previous fiscal year. The decline in sales revenue has much to do with a weak business performance in Mainland China market. Faced with the highly competitive environment on Mainland China, the Group has taken a close and cautious watch at the market and adopted a conservative strategy in our investment and promotion plans. At the same time, the Group has strived to simplify our operations so as to enhance the efficiency and better control the costs in distribution and sales areas.

The sales in Hong Kong and major overseas markets have been growing steadily in the past year. This is the result of the Group's strategy in focusing our resources and technology investment in developing medium and high range products.

The Group's new products which are equipped with wide-ranged learning contents as well as entertainment functions have received positive feedback from the markets. The recently launched English-Chinese and Chinese-English bi-directional full-sentence translation dictionary has contributed in increasing our market share.

Outlook

Despite the competition in the electronic dictionary market getting more intensified, the Group is of the belief that with the Group's well-established brand name and distribution networks in Asian markets, the Group may still command a good business prospect in the future.

The Group continues to focus on developing medium and high end products with more innovative designs, better functional features, rich learning contents and leading translation technology. The interactive learning concept will be one of the key elements in new product design. The Group believes that these new products will support the Group to achieve good sales performance in next fiscal year. The Group anticipates a stable growth in Hong Kong and Asian markets. Reasonable profit margin will also be maintained. The Mainland China market is important for the SBU in the long term and the Group will continue to invest the appropriate resources in the market in line with the Group's strategy.

智能手機

Smartphone



管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

智能手機

業務回顧

上年度本SBU之業務未能達到預期之成績，中國手機製造廠商仍集中開發中、低價產品，對推廣中、高價的智能手機及服務方面仍屬起步階段，因而影響了本SBU在中國的營銷計劃。而與海外網絡營運商的合作方面，由於產品的開發及測試都較預期需要更長時間，令產品的推出進程有所延遲。

過去一年，本SBU推出了新一代M系列智能手機，該產品應用了更先進的中央處理器、通訊元件及操作系統，加上得到技術夥伴的大力支持，使產品在數據通訊及多媒體功能上比上一代G系列產品大為優化，其中M28型號更獲香港工業總會頒發之2004香港工業獎：消費產品設計優異證書。與網絡營運商緊密之合作，令本SBU的產品能配合營運商推出的服務，相輔相成。



儘管去年業績未如理想，但在產品設計方面獲得的經驗及技術，與技術夥伴建立之網絡及與網絡營運商所締造的合作關係，都會是SBU未來發展及成功的要素。

SMARTPHONE

Review

Last year, business performance of the SBU did not match up to expectation. The mainland mobile phone manufacturers and operators are still fixating on medium to low priced products and are mostly at the beginning stage in developing medium to high priced smartphone market and the related services. This has an impact on the SBU's mainland marketing strategy. As for collaboration with foreign telecom network services providers, it takes the SBU a longer time in developing and testing new products and as a result, the marketing of new products has been delayed.

In the previous year, the SBU has launched a new generation of smartphone – the M series, which have adopted more advanced CPU, communication technology and operational system. Together with the staunch support from our technology partners, the new products have greatly enhanced in their data communication and multi-media functions as compared with the previous G series. Among them, the M28 model has won the 2004 Hong Kong Awards for Industry: Consumer Product Design Certificate of Merit, awarded by the Federation of Hong Kong Industries. Through working closely with telecom network services providers, the SBU may match up with network providers' services so that our products may cater well for the customers' needs.

Despite that last year's performance has not been that satisfactory, the SBU has acquired and accumulated substantial experience and expertise in product development. And together with the building up of strong partnership with our technology partners and with the network operators, the SBU has laid down a good foundation for the SBU's future development and success.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

智能手機（續）

展望

開發具備多功能及多用途的手機將會是手機市場的大趨勢，在成熟的市場例如歐洲及美國，智能手機的市場增長更為顯著。但產品變化大、週期短及價格不斷下降，都是行業要面對的主要挑戰。激烈競爭加速廠商外判產品開發及製造工序，加上網絡營運商已有能力為自有客戶群訂製產品，令手機原件生產設計業務得以快速增長，亦有利本SBU的業務增長。

本SBU將重點開發原件生產設計業務，特別是針對歐美的網絡營運商客戶，直接與網絡營運商合作的好處在於能減省用於中間者的開支，並可享有穩定的客戶群及更具競爭力的銷售價格。產品方面，今年將有兩個主要目標：其一是降低成本，令智能手機價格更吸引、更為顧客所接受；其二是增加應用功能，特別是能配合營運商服務的應用功能，如無線電郵、歌曲及短片下載等。要快速推出具競爭力的產品，需要有良好的技術夥伴，本SBU今年將會繼續鞏固並加強技術夥伴網絡，以爭取更佳的技术支援，例如在Edge及3G等通訊技術方面。

未來一年，本SBU的業務充滿挑戰和機遇，憑藉豐富的產品開發經驗及與重要客戶和技術夥伴所建立的良好關係，再配合今年更具競爭力的產品，相信今年的業務可以有所改善。

SMARTPHONE (Continued)

Outlook

Developing mobile phones with multiple functions and applications will be the future trend of mobile phone market. In developed countries like Europe or the United States, smartphone market has been growing substantially. However, the products' diverse variation, their short life-cycles and the downward price trend are the major challenges to the industry. Faced with intense competition, manufacturers in developed countries are speeding up in outsourcing their work on product development and manufacturing. Also, most network services providers are capable of providing their customers with tailor-made mobile phones. As a result, the mobile phone original design manufacturing business has been growing rapidly, and this lays ground for the SBU's business growth.

The SBU will focus on developing its original design manufacturing business, especially targeting at network services provider customers from Europe or the United States. The advantages of directly collaborating with network services providers are that expenses on middlemen can be saved, and that a more stable customer base and more competitive pricings may be secured. As for the SBU's products, the SBU is to target on two fronts this year - the first is to cut cost so as to make the SBU's products more price competitive and more affordable to the customers, and the second is to enhance their application functions especially those functions which can match well with the services provided by network operators like push email and download of songs and video, etc. To develop more competitive products swiftly, the SBU needs good support from our technology partners. The SBU will continue to strengthen and consolidate its relationship with the technology partners so as to secure better technology support in areas like Edge or 3G telecommunication technology.

The next year will come with both challenges and opportunities. With the Group's rich experience in product development and the sound and solid relationship with the Group's important customers and technology partners, and also with more competitive products to be launched, the Group believes that the SBU's business will have improvement this year.

原件設計生産

Original Design
Manufacturing



管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

原件設計生產(ODM)

業務回顧

本SBU的營業額於是年內增長至約650,000,000港元，相對前一財政年度，有約10%增長。集團與日本策略性合作客戶的業務正在持續增長，亦發展為集團的核心業務之一，這有賴日本的電子辭典市場有穩定的增長及產品在功能和質素方面有長足的提升。在多年的經驗累積下，加上過往集團在無線技術及軟件開發方面投放的科研得到豐碩的成果，令本SBU的工程技術水平及科技能力得以不住的提升及完善，為集團未來發展奠定穩健基礎。儘管是年度的毛利百分率有些微下跌，但在整體營業額有所上升下，盈利對比前財政年度錄得輕微升幅。自上年末始，集團已開始向新的歐洲策略性夥伴付運新產品，集團期望這方面業務在未來數年將可為集團的營業額帶來不俗增長。



展望

本SBU正致力發展新業務，進軍新興電子產品市場，例如使用無線技術及具備新式而獨特裝備的多媒體產品等，這些新業務將會為集團的營業額帶來持續增長及長足的盈利貢獻。集團亦會一如既往的加強與主要的供應商及客戶的策略性夥伴關係，攜手創造新穎而獨特的產品，並為現有產品加設更具競爭力的功能。集團不住的投放資源開拓人才庫，以期有效管理現正發展深具潛力的新業務或一些正與日本、美國及其他地區新客戶磋商的新業務。

ORIGINAL DESIGN MANUFACTURING (“ODM”)

Review

The sales turnover of the SBU has grown to approximately HK\$650 million this year, representing an increase of approximately 10% as compared with last year's annual figure. The business with the Group's strategic customers in Japan keeps growing and becomes one of the Group's core businesses. This is supported by a stable growth of Japanese electronic dictionary market and the enhancement of products' functional features. The SBU's engineering capability and technology know-how has been enhanced and enriched with accumulated experience and through sound research and development in wireless technology and software engineering. With an increase in gross revenue, the SBU's net profit has slightly increased as compared with that of previous financial year, despite that the percentage of net profit margin has experienced a slight decline. Since the end of last year, shipment of new products to the Group's new strategic customer in Europe has started. The Group expects the sales volume to grow in the coming years.

Outlook

The SBU is making a strong move in developing new businesses in newly emerging electronic product markets such as multimedia products utilizing various kinds of wireless technology and new unique devices. These new projects are expected to make contribution to the SBU's continuous growth in sales turnover and to further boost up its profit. Strategic business partnership with several key component suppliers and customers is and will be further strengthened, with an aim to creating new and unique products or bringing in new competitive features for the existing products. The Group continuously invests to expand its team to manage efficiently the potential new businesses currently under development or businesses under negotiation with new customers in Japan, the United States, and others.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

企業事務

公司管治

審核委員會

審核委員會成員包括獨立非執行董事容永祺先生榮譽勳章（主席）、何國成先生、王幹文先生及非執行董事羅志聰先生。於是年內，審核委員會已舉行過四次會議，出席率達93.75%，審閱集團所採納的會計原則及政策，檢討並評估內部監控系統、風險管理及財務匯報事宜，並盡力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各董事匯報各項討論過的重要事項，並向董事會呈交報告。

為協助審核委員會履行其職責，「改善工作流程及內部審計小組」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，直接向審核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於二零零一年成立，為協助董事會核查及評估各種業務運作上的風險，並制定策略及施行政策制度以預防及管理這些風險。例如在非典型肺炎爆發期間，委員會便舉行了多次會議，就疫情可能對集團構成的危機制定了預防措施及應變計劃，以確保一旦有事故發生時各部門可以作出迅速回應，並把影響減至最低。

執行管理委員會

執行管理委員會於二零零五年成立，由董事會授權以日常管理委員會形式運作。執行管理委員會成員包括董事會之各執行董事。

CORPORATE AFFAIRS

Corporate Governance

Audit Committee

The Audit Committee comprises independent non-executive directors, Mr. Yung Wing Ki, Samuel MH (Chairman), Mr. Ho Kwok Shing, Harris and Mr. Wong Kon Man, Jason and a non-executive director, Mr. Lo Chi Chung, William. During the year, the Audit Committee has held four meetings with 93.75% attendance to review 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 frontline functions in improving business operations and performing internal audit. Internal audit reports will be directly sent to the Audit Committee periodically.

Risk Management Committee

The Risk Management Committee was established in 2001 to help Directors identify and assess business risks. Corresponding strategies are formulated and risk management system is implemented to prevent and manage market and operational risks. During the SARS outbreak, the Risk Management Committee has held meetings to formulate precautionary measures and business contingency plans in quick response to the potential threat posted to the organization so as to minimize its impacts.

Executive Management Committee

The Executive Management Committee was established in 2005 to operate as a general management committee under the authority of the Board. The Executive Management Committee consists of the Executive Directors of the Board.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

企業事務（續）

公司管治（續）

薪酬委員會

薪酬委員會於一九九六年成立，專責向董事會提出關於本公司薪酬制度及釐定董事及高級行政人員薪酬的建議。薪酬委員會成員包括執行董事譚偉豪先生（主席），及兩名獨立非執行董事何國成先生及王幹文先生。

優先認股權委員會

優先認股權委員會於一九九六年成立，包括兩名執行董事譚梅嘉慧女士（主席）及李冠雄先生，依據本公司優先認股權計劃處理關於授予優先認股權之事宜。本公司向其董事或彼之聯繫人士授予優先認股權時，需要得到本公司之獨立非執行董事的批准。

最佳應用守則

董事會認為，本公司於截至二零零五年三月三十一日止年度內，一直都遵行於二零零五年一月一日前有效的香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之最佳應用守則。

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載有關董事進行證券交易之標準守則（「標準守則」），以不遜於標準守則之條款，作為其有關董事進行證券交易之行為守則。經向所有董事作出特定查詢後，董事概不知悉於期內之任何時間本公司沒有遵守標準守則之要求及其有關董事進行證券交易之行為守則。

CORPORATE AFFAIRS (Continued)

Corporate Governance (Continued)

Remuneration Committee

The Remuneration Committee was formed in 1996 to make recommendations to the Board on the Company's policy and structure in relation to remuneration of directors and senior management. The Remuneration Committee comprises an executive director, Mr. Tam Wai Ho (Chairman) and two independent non-executive directors, Mr. Ho Kwok Shing, Harris and Mr. Wong Kon Man, Jason.

Share Option Committee

The Share Option Committee consisting of two executive directors, Mrs. Tam Mui Ka Wai, Vivian (Chairman) and Mr. Lee Koon Hung, was formed in 1996 to deal with issues regarding to granting of share options under the Company's share option scheme. In any case, the grant of the Company's share options to any Director or his associates requires the approval of the Company's independent non-executive directors.

Code of Best Practice

The Directors are of the opinion that throughout the year ended 31st March, 2005, 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 (the "Listing Rules"), which came in force prior to 1st January 2005.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors on terms no less exactly than the required standard set out in the Model Code. Having made specific enquiry of the Directors, none of the Directors has not complied with, for any part of the accounting period under review, the required standard set out in the Model Code and its code of conduct regarding director's securities transactions.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

企業事務（續）

投資者關係

集團一向重視與投資者的溝通，並致力增強與投資者的關係，利用會議、發佈會、集團網頁內刊載之新聞稿及公佈、參觀廠房及與投資者作電郵通訊等各種方法，確保能全面並及時的披露相關的公司資料，以增加集團對投資界的透明度。

員工關係

於二零零五年三月三十一日，集團於香港聘有266名僱員（二零零四年：256名），於中國大陸聘有4,118名僱員（二零零四年：4,261名），相比去年同期數字，兩地區分別增長約4%及減少約3%。集團現時在新加坡並無聘用任何僱員（二零零四年：78名）。除薪酬及一般員工福利例如有薪年假、醫療保險及公積金外，集團亦為執行董事及高級職員提供股份獎勵計劃。

集團管理層每隔半年均會與高級職員舉行高級職員交流大會，目的是向管理人員闡釋集團的政策及發展路向；交流大會是在業績公佈後舉行的，好讓全體員工更能了解集團的狀況，並促進管理層與員工之間的雙向溝通。內聯網乃為各階層員工得悉公司資訊的常用途徑，亦是員工之間分享資料及經驗的有效渠道。集團鼓勵員工踴躍表達意見及觀感，並提出各方面建議。集團亦會定期推行員工意見調查，以協助管理層了解各種員工相關事宜，以便採取適當行動予以改進。

CORPORATE AFFAIRS (Continued)

Investor Relations

The Group always puts emphasis on communicating with investors and is committed to enhancing investor relationship by increasing its transparency to the investor community. Measures to keep investors informed of the Group's latest developments comprehensively and timely include regular 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

As at 31st March, 2005, the Group has on its payroll 266 (2004: 256) employees in Hong Kong and 4,118 (2004: 4,261) in Mainland China, representing an increase of about 4% and a decrease of about 3% respectively as compared with prior year. Currently, the Group has no employee (2004: 78) in Singapore. In addition to salary remuneration and usual fringe benefits such as annual leave, medical insurance and provident fund, the Group also provides Share Incentive Plans for executive directors and senior staff.

It's the usual practice that the Group's management conveys and delivers the Group's strategic policies and developments to its senior staff at its half-yearly communication sessions. These staff communication sessions are held after the results announcements so as to keep employees abreast of the Group's developments and also to facilitate two-way dialogue between the management and the staff. Intranet is another effective means often used to ensure free flow of information across different staff levels and to promote information and experience sharing. All staff are encouraged to express their views and feelings and to propose suggestions on different aspects. Employee satisfaction surveys are conducted regularly to assist the senior management in understanding various problems faced by the staff so as to formulate appropriate solutions.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

企業事務（續）

員工關係（續）

集團的競爭力是有賴具備多項才能的員工隊伍所達致的。為此，集團在本年度推出了「個人自我提升目標」計劃，鼓勵員工不斷進步，要求每位員工訂下一個自我提升的目標，並且貫徹執行。「個人自我提升目標」包括專業知識、才能或技能等可以提高工作表現的目標。除內部培訓外，集團亦同時因應工作需要而資助員工參與由其他機構提供的培訓課程。公司亦會聘請專業顧問，為中層管理人員提供培訓，協助提升他們的領導才能、溝通協調技巧及團隊精神。



除正式的溝通渠道外，公司今年亦舉行了員工遠足活動及春節聯歡晚會2005，藉以加強員工之間的良好關係及建立團隊合作精神。

公益事務方面，集團贊助員工組隊參加樂施毅行者2004籌款活動，隊伍並成功完成麥理浩徑全長一百公里的路程。

CORPORATE AFFAIRS (Continued)

Employees Relations (Continued)

A team of competent work force is crucial in maintaining the Group's competitiveness. The Group has launched a Personal Continuous Improvement Objective (PCIO) program this year to encourage all staff to strive for personal competency. All staff are required to set at least one personal continuous improvement objective to work on, which is expected to be achieved within one fiscal year. The PCIO targets on individual capabilities enhancement focusing on individual's competency, knowledge or skills that are conducive and helpful to discharging his/her duty. In addition to in-house training, the Group also provides education subsidies to its staff for certain training programmes conducted by external parties and that the skills are required by the group. Meanwhile, the Group has appointed a number of professional training consultants to run workshops for enhancing mid level management executives' leadership capabilities, communication skills and team spirit.

In this year, the Company has also organized the "Staff Hiking Day" and the "Spring Party 2005" for all employees to take part in. Activities like these may foster good personal relationship and communication among the staff and also help build good team spirit.

For community service, the Group has sponsored a team to participate in the Oxfam Trailwalker 2004, a fund raising charity event. The sponsored employees successfully completed the MacLehose Trail 100km walk.

管理層研究及分析（續） Management Discussion & Analysis (Cont'd)

ISO9001及ISO14001

集團已於二零零零年成功合併ISO9001品質管理系統及ISO14001環境管理系統，以加強行政效率。獨立審核員定期進行現場審核，以確保集團符合規定標準，並有持續改善。集團亦組織內部審核員定期進行審核。集團已提升系統至符合新的ISO9001: 2000標準。

ISO9001 AND ISO14001

In order to enhance the administrative efficiency, the ISO9001 Quality Management System and ISO14001 Environmental Management System have been combined since 2000. On-site surveillance assessment is conducted regularly by independent assessors to ensure compliance and continual improvement. Internal audit teams have been organized to perform compliance audit on an on-going basis. The Group has upgraded the system to attain the new ISO9001: 2000 standard.