
Solid Foundation

穩健根基

The Group develops from a solid foundation, with which growth by means of organic and merging can be easy and fast.

憑藉穩健基礎，本集團透過內部增長及合併迅速發展。



Chairman's Statement

I have pleasure to present to shareholders the 2004/2005 annual report of the Group.

BUSINESS AND OPERATIONS REVIEW

Trading Operations

The Group is proud to report that "Memorex®" currently ranks No.2 globally in CDR & DVD media sales with its DVD units growing 180% from last year. During the year, revenue growth was primarily from DVD growth and growth in the Traveldrive product line. Although DVD revenue growth was hampered by a nearly 50% decrease in ASPs (Average Selling Prices), Memorex® still recorded strong profit performance. Launch of several new products in the USB Flash Category, specifically the M-Flyer USB flash drive, has been well received by the market.

North America

In North America, Memorex® recorded record revenues and operating income in FY2005. Growth in DVD and USB Flash revenues were the primary drivers of the record revenues achieved during the year. Unit sales of DVD media more than tripled in FY05 providing over 40% revenue growth in the category. Revenue growth was also fueled by aggressive expansion of its sales of USB Flash drives gaining close to 10% market share in the United States. Revenue growth in the DVD and USB Flash categories was largely offset by a decline in CD revenues on nearly 10% as the result of MP3 players and other alternatives to traditional CD usage. In the United States, according to industry trade publications, Memorex® continues to be the American market leader in DVD sales with a 28% share and CDR sales with also a 28% share. The Group expects DVD volumes to double in fiscal 2006 while CDR volumes should continue to decline at single digit rates. The Group continues to expand our presence in Latin America through distribution channels. Memorex® products have been successfully placed in Office Depot and Walmart Mexico by our distributor. Memorex® continues to be the top brand among the largest retailers in North America. The Group currently has one or more of our products in 100% of the top ten retailers and over 90% of the top 25 consumer electronics retailers in the United States.

主席報告書

本人欣然向股東提呈本集團之二零零四／二零零五年度年報。

業務及經營回顧

貿易業務

本集團光榮公佈「Memorex®」現時於全球一次收錄光碟及DVD媒體中銷售額排行第二，其DVD單位較去年上升180%。年內，主要由DVD增長及Traveldrive產品系列帶動收入增長。雖然DVD收入增長受平均銷售價格下跌近50%影響，Memorex®仍然錄得強勁溢利表現。市場十分歡迎USB Flash類別之若干新產品，尤以M-Flyer USB flash drive為甚。

北美

在北美，Memorex®於二零零五年財政年度錄得創新高之收入及營運收入。DVD及USB Flash收入增長為年內收入創新高之主要動力。DVD媒體之單位銷售於二零零五年財政年度增長超過三倍，為該類別提供超過40%之收入增長。收入增長亦由USB Flash drives銷售之積極擴張帶動，於美國贏得接近10%市場佔有率。光碟收入受MP3播放器及其他傳統光碟代替品影響而下跌接近10%，抵銷DVD及USB Flash種類之大部分收入增長。於美國，根據工業貿易刊物，Memorex®繼續於DVD及一次收錄光碟銷售成為美國市場領導者，各分別擁有28%佔有率。本集團預計DVD數量將於二零零六年財政年度倍增，而一次收錄光碟數量則繼續以個位數字比率下降。本集團繼續透過分銷渠道擴張於拉丁美洲之業務。本集團之對外分銷商已成功將Memorex®產品引進Office Depot及Walmart Mexico。Memorex®繼續為北美各大零售商當中之最佳品牌。本集團於美國現有一種或以上產品佔十大零售商之100%，及消費電子產品二十大零售商之90%以上。

Chairman's Statement

Operating margins in North America also achieved record levels. The Group's global purchasing enabled us to improve our gross margins which we continue to leverage our cost structure. During the year, the Group consolidated our Canadian operations into our U.S. operation which has yielded operating efficiencies beginning in the fourth quarter of fiscal 2005.

Europe

The European market continues to be challenging. CDR prices continue to come under pressure from a variety of competitors and directly from the disk manufacturers. In addition, levies in Italy and France have negatively impacted the retail demand for CDRs and DVDs as consumers look for alternative channels to purchase media. Significant DVD price declines in late fiscal 2004 and early fiscal 2005 caused significant inventory revaluations during fiscal 2005. On the positive side, DVD volumes more than doubled over fiscal 2004 and pricing is fairly stable. In Europe, Memorex® continues to hold its market position at number three in both DVD and CDR sales with 8.4% and 10.9% market shares respectively. The Group has continued the successful strategy of supplying key retailers on a direct basis and is currently in more than half of the top European retailers.

Asia

The Asian market continues to be emerging. During the year, we tightened controls on costs and better sourcing and were able to maintain our profitability as planned. Due to the on-going increase in media costs, sales can pick up again in FY2006. At present, the Group has distributors over Asia, namely, Japan, Singapore, Australia, New Zealand, Korea and Taiwan. Memorex® market share in Asia has been growing steadily. With close relationships with dominating suppliers in Taiwan to offer the lowest costs for Memorex® branded products as a whole and big distributors to commit forecasted order placement, Memorex®'s Asian business will further be strengthened in coming year.

主席報告書

北美之經營利潤亦達致紀錄水平。全球採購容許本集團改善毛利率，而本集團亦繼續因成本結構受惠。本集團於年內開始將加拿大業務綜合至美國業務，並因而於二零零五年財政年度第四季起產生經營效益。

歐洲

歐洲市場仍富有挑戰性。一次收錄光碟之價格仍面臨來自諸多競爭產品及直接來自光碟生產商之壓力。此外，意大利及法國實施徵稅，促使消費者尋求通過其他途徑來購買媒體產品，亦對一次收錄光碟及DVD之零售需求造成不利影響。二零零四財年末及二零零五財年初，DVD價格大跌，導致二零零五財年之存貨估價大幅下滑。利好消息方面，二零零四財年DVD存量增長逾倍，且價格保持穩定。在歐洲，Memorex®在DVD及一次收錄光碟銷售市場之市場份額仍排名第三，所佔市場份額分別為8.4%及10.9%。本集團繼續採取直接向主要零售商供貨之成功策略，目前已與歐洲半數以上頂級零售商建立業務關係。

亞洲

亞洲市場仍處於剛冒起階段。年內，本集團通過加強成本控制及改善採購，成功維持原定之利潤水平。由於媒體成本持續上漲，銷售額可於二零零六財年再度回升。目前，本集團之分銷商遍佈亞洲各地，包括日本、新加坡、澳洲、新西蘭、韓國及台灣，Memorex®於亞洲之市場份額一直穩定增長。由關係密切之台灣主導供應商作為承諾預期訂單之大型分銷商，以最低成本提供Memorex®品牌產品所需物料，Memorex®在亞洲之業務來年將進一步得到鞏固。

Chairman's Statement

OUTLOOK

The Group is well positioned to expand its presence around the globe. The Group believes that growth in the DVD segment more than offset any declines in the CDR market for the foreseeable future. We continue to be the market share leader in CDR and DVD media in the United States and expect to leverage that position through expanded product offerings and expanded geographic distribution. In North America and Europe our goal is to expand the products sold within our existing retailers including an expanded accessories offerings, specialty media products and USB Flash products. In particular, we believe the USB Flash products are in the early stages of consumer adoption. Recent market studies indicate that consumers have significant recognition of the Memorex® brand in this segment of the market. The Group continues to introduce and sell our USB products in a growing number of retailers in the United States, Canada and Europe. The Group expects our investments in the USB Flash business will yield significant growth in the future, and targets to achieve an equally outstanding market share leadership as it has succeeded in its CDR and DVD media products, in the coming year.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK6 cents per share in cash with a scrip option (2004: HK6 cents, with a scrip option) for the year ended March 31, 2005 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting ("AGM"). No interim dividend was paid by the Company during the year.

Subject to shareholders' approval at the AGM, the dividend warrants will be paid on or around Friday, October 21, 2005 in cash, with shareholders being given the option to receive shares of HK\$0.01 each ("New Shares") in the Company in lieu of cash in respect of part or all of such dividend ("Scrip Dividend Scheme"). The number of New Shares will be calculated on the basis of the average of the closing prices per share of the Company on The Stock Exchange of Hong Kong Limited

主席報告書

展望

本集團已準備就緒，致力在於全球各地擴大市場份額。本集團相信，於可預見之未來，DVD業務分部之增長足以彌補一次收錄光碟業務之下滑。本集團在美國一次收錄光碟及DVD媒體市場仍佔據領導地位，並期望通過擴大產品種類及地域分佈，因應市場領導地位而受惠。在北美及歐洲，本集團之目標為擴大在現有零售商網絡內銷售之產品種類，包括配件、專業媒體產品及USB Flash產品。尤其是，本集團認為USB Flash產品尚處於受消費者接納之早期階段。近期之市場研究顯示，Memorex®品牌在業內市場深受消費者歡迎。本集團將在美國、加拿大及歐洲增聘零售商，繼續推出及銷售本集團之USB產品。預計本集團對USB Flash業務之投資，日後將為本集團之增長作出重大貢獻，而其目標為於來年達致與一次收錄光碟及DVD媒體產品同樣卓越之市場領導地位。

末期股息

董事會建議派發截至二零零五年三月三十一日止年度之現金末期股息(可選擇以股代息)每股6港仙(二零零四年: 6港仙, 可選擇以股代息), 惟須待本公司股東於應屆股東週年大會(「股東週年大會」)批准方可作實。本年度, 本公司並無派發中期股息。

待股東於股東週年大會上批准後, 股息單將約於二零零五年十月二十一日(星期五)以現金派付, 就部份或全部股息而言, 股東可選擇收取本公司每股面值0.01港元之股份(「新股」)以代替收取現金(「以股代息計劃」)。新股數目將按本公司股份截至二零零五年八月三十一日止三個連續交易日在香港聯合交易所有限公司(「聯交所」)之每股平均收市價計算。

Chairman's Statement

(the "Stock Exchange") for the three consecutive trading days ending August 31, 2005. A circular giving full details of the Scrip Dividend Scheme and a form of election will be sent to shareholders after the AGM. The Scrip Dividend Scheme is conditional upon the Stock Exchange granting the listing of and permission to deal in the New Shares to be allotted and issued.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow board members, the management and employees for their hard work and contribution to the Group in the past year.

On behalf of the Board

Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, July 22, 2005

主席報告書

載有以股代息計劃詳情及選擇表格之通函將於股東週年大會後寄發予股東。以股代息計劃須待聯交所批准將予配發及發行之新股上市及買賣後方能作實。

致謝

本人謹此向各董事會成員、管理人員及僱員於過去一年之努力及對本集團作出之貢獻，深表謝意。

謹代表董事會

主席
陳國強博士

香港，二零零五年七月二十二日