

Management Discussion and Analysis

管理層討論與分析

FINANCIAL REVIEW

Turnover

During the year, the sales turnover for the first half increased to HK\$2,008 million whereas the turnover for the second half dropped to HK\$1,410 million, decreased by 14.4% as compared to the corresponding period last year. The drop was partly attributable to the competitive environment and partly to the planned reduction in product sales with higher plastic contents.

During the year, sales of home audio products represented approximately 89.6% of the Group's turnover and remained its core business. The sales of boomboxes increased by approximately 9% during the year and accounted for over 45% of the home audio sales. Plastic contents of boomboxes were relatively high, with an average of 25% of their material costs. During the year, the Group launched some high value digital products like DVD combos and DVD home theatre systems. The Group has been cautious in expanding its DVD-player related business, as this involved issues of different relevant patents. Sales from digital and DVD players only contributed to approximately 7.9% of the Group's turnover in FY 2005.

財務回顧

營業額

於本年度內，上半年之銷售營業額增加至2,008,000,000港元，而下半年之營業額則較去年同期減少14.4%至1,410,000,000港元。營業額減少之部份原因是由於競爭激烈之市場環境，而另一原因為已預計降低使用較多塑膠之產品銷售所致。

年內，家庭音響產品之銷售額佔本集團營業額約89.6%，並繼續為其核心業務。於本年度內，Boomboxes的銷售額增加約9%，佔家庭音響產品之銷售額超過45%。Boomboxes之塑膠成份相對較高，平均佔其材料成本之25%。於本年度內，本集團已推出若干高價值之數碼產品，例如DVD機組合及DVD家庭影院組合。本集團在擴充其DVD機相關業務時小心謹慎，因其涉及多個有關專利之事宜。於二零零五年財政年度，數碼及DVD機之銷售額僅佔本集團營業額約7.9%。

Gross Margin

Raw materials cost is the major constituent of the cost of sales. Plastics, laminates and metals are the key raw materials used by the Group in its range of conventional audio products. As mentioned in the Group's interim report published in December 2004, the drastic increases in prices of key raw materials had a significant impact on the cost of goods sold and gross profit. Costs of key raw materials continued to maintain at substantially high levels during the second half of the FY 2005 and affected the Group's financial performance.

As a result of the combined impact of lower sales revenue in the second half of the FY 2005 and high raw materials costs, gross profit in the second half dropped to HK\$88 million as compared to HK\$127 million for the first half.

Expenses

The Group's administrative expenses were similar to last year's and recorded at HK\$120 million. The percentage of administrative expenses to total sales slightly rose to 3.5% (2004: 3.2%). The Group's selling and distribution expenses increased from HK\$31 million last year to approximately HK\$40 million, mainly due to the increase in the number of shipments which is in line with approximately 10% increase in total sales quantities during the year. Moreover, the Group's operations in Qingyuan incurred higher transportation costs than Dongguan.

Working Capital Management and Dividend Policy

As at 31 March 2005, the Group maintained long-term bank deposit, bank balances and cash of approximately HK\$239 million (31 March

毛利率

原材料成本為銷售成本之主要組成部份。塑膠、覆銅面板及金屬為本集團一系列傳統音響產品所使用的主要原材料。誠如本集團於二零零四年十二月刊印的中期報告所述，主要原材料價格大幅上升對銷售成本及毛利構成重大影響。於二零零五年財政年度下半年，此等主要原材料的成本仍然處於極高水平，影響本集團的財務表現。

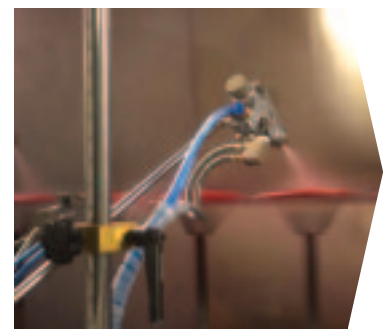
受到二零零五年財政年度下半年較低的銷售收入，以及高昂的原材料成本的綜合影響，於下半年的毛利降低至88,000,000港元，而上半年則為127,000,000港元。

開支

本集團之行政開支與去年相若，為120,000,000港元。行政開支對總銷售額之百分比率微升至3.5%（二零零四年：3.2%）。本集團之銷售及分銷開支由去年之31,000,000港元增加至約40,000,000港元，主要是由於隨著於本年度內之總銷售數量增加約10%，付運量亦因而增加所致。此外，本集團清遠業務之運輸成本亦較東莞為高。

營運資金管理及股息政策

於二零零五年三月三十一日，本集團之長期銀行存款、銀行結存及現金維持約239,000,000港元（二零零四年三



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2004: HK\$274 million) with a continually efficient working capital utilisation rate. The Group's average inventory turnover was about 51 days (31 March 2004: 48 days). The Group's average trade receivables turnover was only 10 days (31 March 2004: 13 days), reflecting the improvement in credit control.

The Board of Directors has recommended a final dividend of HK1.0 cent per share. Together with the interim dividend paid, the total dividend payout ratio for the year will be about 59% of the net profit for the year. The dividend for the prior year was HK15.5 cents per share (excluding special dividend paid of HK8.0 cents). After careful deliberation, the Group adhered to the existing dividend policy with a payout ratio of about 50% of the net profits, rather than maintaining the absolute amount of dividend of the prior year.

Financing and Capital Structure

The Group's capex led to an increase in its total debts from HK\$343 million to HK\$544 million. In August 2004, the Group entered into a four-year syndicated loan agreement with a syndicate of ten banks for the amount of HK\$350 million. As at 31 March 2005, the facility, with a preferential interest rate, was substantially drawn down to refinance the Group's existing certain credit facility, including the outstanding balance of the HK\$210 million syndication loan arranged in 2002. The balance of the facility was mainly used to finance the fixed assets additions for Qingyuan Industrial Estate. Moreover, several term-loans were arranged on bilateral bases and were drawn to ensure the availability of sufficient long-term funding for financing the overall

月三十一日：274,000,000港元)及繼續有效地善用營運資金。本集團之平均存貨流轉期約為51日(二零零四年三月三十一日：48日)。本集團之平均貿易應收賬款流轉期僅為10日(二零零四年三月三十一日：13日)，反映本集團已加強信貸管理。

董事會建議派付末期股息每股1.0港仙。連同已付之中期股息，本年度之總派息率將為本年度純利之約59%。去年之股息為每股15.5港仙(不包括每股8.0港仙之已付特別股息)。經詳細商議後，本集團奉行其現有派息率約為純利50%之股息政策，而不維持去年之絕對股息數額。

融資及資本架構

本集團之資本開支導致其總債項由343,000,000港元增加至544,000,000港元。於二零零四年八月，本集團與十家銀行之銀團訂立金額為350,000,000港元之四年期銀團貸款協議。於二零零五年三月三十一日，該項設有優惠利率之貸款大部份已獲支取，以償還本集團之若干現有借貸，包括於二零零二年安排金額為210,000,000港元之銀團貸款。貸款餘額主要用作支付為清遠工業村所添置之固定資產。此外，本集團亦按雙邊基準安排數項有期貨款，並已提用，以確保具有充足之長期資金供其整體營運之用。因已支取該銀團貸款及年內資本支出



operations. Because of drawdown of the above facilities and the capital expenditure of about HK\$328 million for the year, the gearing ratio increased to 0.5 (31 March 2004: 0.3).

The Group also issued letters of credit to procure the supplies of critical components and certain raw materials. However, the Group also found difficulties in securing supplies of commodity raw materials (including plastics) at low prices as their prices fluctuated during the year.

The Group's borrowings are primarily denominated in Hong Kong dollars or US dollars and the Group has no significant exposure to foreign exchange fluctuations.

Liquidity and Financial Resources

The net current assets of the Group as at 31 March 2005 stood at a healthy level of approximately HK\$138 million (31 March 2004: HK\$318 million) and the current ratio was 1.21 (31 March 2004: 1.47). Shareholders' funds were maintained at approximately HK\$1,064 million (31 March 2004: HK\$1,098 million).

Treasury Policy

The majority of the Group's sales and purchases are denominated in US Dollars and HK Dollars. As HK Dollars and US Dollars are pegged, the Group has minimum exposure to foreign exchange fluctuation and, presently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor the overall currency and interest rate exposures. When considered appropriate, the Group will hedge against currency exposure as well as interest rate exposure.

約328,000,000港元，資本負債比率已上升至0.5（二零零四年三月三十一日：0.3）。

本集團採購重要組件及若干原材料之供應時亦發出信用證。然而，由於若干商品原材料（包括塑膠）之價格於年內波動之關係，本集團亦發現較難以低價取得該等原材料之供應。

由於本集團之借貸主要以港元或美元定值，因此本集團毋須承擔重大外匯波動之風險。

流動資金及財政資源

於二零零五年三月三十一日，本集團之流動資產淨值維持於約138,000,000港元（二零零四年三月三十一日：318,000,000港元）之穩健水平，而流動比率則為1.21（二零零四年三月三十一日：1.47）。股東資金維持於約1,064,000,000港元（二零零四年三月三十一日：1,098,000,000港元）之水平。

庫務政策

本集團之銷售及採購大部份以美元及港元結算。由於港元與美元掛鈎，令本集團承受外匯波動風險甚低，而現時，本集團並無訂立任何金融工具作為對沖用途。然而，本集團將密切監察整體之貨幣及利率風險。於認為合適時，本集團將為貨幣風險及利率風險進行對沖。

