

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

OVERVIEW

For the year ended 31 December 2005 the Group recorded a turnover of approximately HK\$2,001 million which represents a decrease of 14% as compared to the corresponding figure for the year ended 31 December 2004. The gross profit for the year under review was approximately HK\$149 million as compared to approximately HK\$254 million for the previous year. Our operating profit was negatively impacted due to the decrease in sales price of products and the increase in operating costs discussed above.

Finance costs increased by 113% to HK\$19 million, due mainly to an increase in interest rates during the year and the increase in the value of trust receipt loans from banks.

SEGMENTAL INFORMATION

Turnover by Product

| | | 2005 | | 2004 | |
|--------------------|-------------------|----------------------|------------|----------------------|------------|
| | | HK\$ million 百萬港元 | % | HK\$ million 百萬港元 | % |
| DECT | 數碼室內無線電話 (「DECT」) | 1,906 | 95 | 2,072 | 89 |
| Cordless telephone | 無線電話 | 32 | 2 | 192 | 8 |
| Corded telephone | 有線電話 | 50 | 2 | 63 | 2 |
| Others | 其他 | 13 | 1 | 12 | 1 |
| Total | 合計 | <u>2,001</u> | <u>100</u> | <u>2,339</u> | <u>100</u> |

All of the Group's turnover and contribution to results were derived from the design, manufacture and sale of telephones and related equipment. Our existing product range includes corded telephones, cordless telephones, DECT and other telecom products. DECT products accounted for approximately 95% of our turnover for the year under review, up from 89% in the previous year. DECT will continue to be an important driver of our growth, as the European market not only sees natural growth in demand for telephone products but also looks to replace existing cordless models with the DECT models. During 2005, sales of cordless telephones amounted to 2% of the Group's turnover, sales of corded telephones amounted to 2% and sales of other telephone products amounted to 1% of the Group's turnover.

概覽

截至二零零五年十二月三十一日止年度，本集團錄得營業額約2,001,000,000港元，較截至二零零四年十二月三十一日止年度之相關數字下降14%。回顧年度之毛利約為149,000,000港元，上一年度則約為254,000,000港元。本集團之經營溢利受到負面影響，主要乃由於前文所述之產品銷售價格下調及經營成本上升所致。

財務成本增加113%至19,000,000港元，主要由於年內利率上升及銀行提供之信託票據貸款價值增加所致。

分類資料

各類產品之營業額

所有本集團營業額及業績貢獻，均來自設計、製造及出售電話及相關設備。本集團現有產品種類包括有線電話、無線電話、DECT及其他電訊產品。DECT產品佔本集團回顧年度之營業額由上一年度之89%上升至約95%。由於預期歐洲市場不單在電話產品需求方面有自然增長，且展望會以DECT模式逐漸取代現有無線模式，故DECT將繼續為本集團未來增長提供主要動力。於二零零五年內，無線電話之銷售額佔本集團營業額之2%，有線電話佔2%，而其他電話產品則佔1%。

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Our customer base continues to comprise prime telecom operating companies and telecom product distributors in Europe and Asia Pacific. Customers in European countries accounted for approximately HK\$1,806 million and in Asia Pacific region and other countries accounted for approximately HK\$195 million of the Group's turnover respectively.

We started shipping the Bluetooth phone in April and shipments of the broadband video phone will commence shortly. Excluding the first three months actual shipments, the current level of confirmed orders (excluding contracts currently under discussion) for products to be shipped in the remainder of the first half is approximately 20% higher than the comparable period last year.

BALANCE SHEET

Liquidity and Financial Resources

| | |
|---------------------|------|
| Current assets | 流動資產 |
| Current liabilities | 流動負債 |
| Current ratio | 流動比率 |

本集團之客戶群一直包括歐洲及亞太區之主要電訊經營公司及電訊產品分銷商。歐洲國家之客戶為本集團營業額帶來約1,806,000,000港元，而亞太區及其他國家之客戶則帶來約195,000,000港元。

本集團於四月開始付運藍芽無線電話，而寬頻視像電話亦將於稍後開始付運。不計首三個月之實質付運，將於上半年度餘下時間付運之已確定產品訂單數目（不包括正在商討之合約），較去年同期多出約20%。

資產負債表

流動資金及財政資源

| | 2005 HK\$'000 千港元 | 2004 HK\$'000 千港元 |
|---------------------|-------------------------|-------------------------|
| Current assets | 661,028 | 581,649 |
| Current liabilities | 658,050 | 471,333 |
| Current ratio | 1.00 | 1.23 |

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Subsequent to the adoption of new accounting standard HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”, advances drawn on bills receivables discounted with full recourse were classified as both current assets and current liabilities in the current year while in 2004 these were only disclosed as contingent liabilities. To make comparison more meaningful, the balance sheet of 2004 has been restated as below for information only by including advances drawn on bills receivable discounted under current assets and current liabilities.

於採納新會計準則香港會計準則第32號「金融工具：披露及呈列」及香港會計準則第39號「金融工具：確認及計量」後，預支附有全面追索權之應收貼現票據之墊款於本年度同時分類為流動資產及流動負債，而於二零零四年度則僅作或然負債披露。為使比較更具意義，二零零四年之資產負債表已於下表重列，在流動資產及流動負債項下加入了預支附有全面追索權之應收貼現票據之墊款，僅供參閱。

| | | 2005 HK\$'000 千港元 | 2004 HK\$'000 千港元 |
|---------------------|------|-------------------------|-------------------------|
| Current assets | 流動資產 | 661,028 | 717,061 |
| Current liabilities | 流動負債 | 658,050 | 606,745 |
| Current ratio | 流動比率 | 1.00 | 1.18 |

The current ratio has decreased due to the additional investment in our product development. The annual balance of capitalised product development expenditure, after amortisation, has increased from last year HK\$58 million to current year HK\$121 million. This amount has been applied in part in developing the products referred to above for the European and US markets, which are targeted for release in 2006 and which the Board believes will generate revenue in 2006.

流動比率下調，乃由於對本集團之產品開發作出額外投資所致。資本化產品開發開支之年度結餘經攤銷後由去年58,000,000港元增加至121,000,000港元。此金額部分應用於為上文提及之歐美市場開發產品，預期該等產品將於二零零六年推出，董事會相信其將於二零零六年帶來收益。

As at 31 December 2005, the Group had cash on hand of HK\$103 million, net current assets of approximately HK\$3 million, total assets of HK\$860 million and shareholders' funds of approximately HK\$169 million.

於二零零五年十二月三十一日，本集團有手頭現金103,000,000港元、流動資產淨額約3,000,000港元、資產總額860,000,000港元及股東資金約169,000,000港元。

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Among current assets, total trade receivables decreased 3.4% to HK\$356 million on a comparable basis when the impact of adopting the new accounting standard is eliminated. However the quality of trade receivables improved significantly, with trade receivables with insurance coverage increased 87% to HK\$246 million.

The Group's total bank borrowings as at 31 December 2005 were approximately HK\$416 million (2004: HK\$294 million after adjusting for the new accounting standard) including approximately HK\$219 million (2004: HK\$139 million) that represented advances drawn on trade receivables with insurance coverage and HK\$87 million (2004: HK\$135 million disclosed as contingent liabilities) that represented advances drawn on bills receivables discounted with full recourse.

PLEDGE OF ASSETS

As at 31 December 2004, bank deposits in the aggregate amount of approximately HK\$21 million were pledged to secure banking facilities granted to the Group. Such security was released during the year.

GEARING RATIO

| | |
|---------------------------|-----------|
| Bank loans | 銀行貸款 |
| Finance lease obligations | 融資租賃項下之債務 |
| Total borrowings | 借貸總額 |
| Equity | 總權益 |
| Total capital employed | 已動用資本總額 |

於流動資產中，應收貿易賬款總額按比較基準減少3.4%至356,000,000港元，採納新會計準則之影響已被消除。然而，應收貿易賬款之質素卻大幅改善，已投保之應收貿易賬款增加87%至246,000,000港元。

於二零零五年十二月三十一日，本集團之銀行借貸總額約為416,000,000港元（二零零四年：294,000,000港元，已就新會計準則作出調整），包括約219,000,000港元（二零零四年：139,000,000港元）預支已投保應收貿易賬款之墊款，以及87,000,000港元（二零零四年：135,000,000港元，作或然負債披露）預支附有全面追索權之應收貼現票據之墊款。

資產抵押

於二零零四年十二月三十一日，本集團質押了為數約21,000,000港元之銀行存款，作為本集團所獲銀行融資額之抵押。有關抵押已於年內解除。

資產負債比率

| | 2005 | 2004 |
|---------------------------|----------|----------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| Bank loans | 14,352 | — |
| Finance lease obligations | 45,359 | 13,660 |
| Total borrowings | 59,711 | 13,660 |
| Equity | 169,116 | 183,491 |
| Total capital employed | 228,827 | 197,151 |

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Trust receipt loans of \$96 million were excluded from the computation of the gearing ratio as these were considered equivalent to bills payables in nature. As illustrated in the following table, the trust receipt loans substituted for the part of the trade payables.

| | |
|---------------------|--------|
| Trade payables | 貿易應付賬款 |
| Trust receipt loans | 信託收據貸款 |

由於為數96,000,000港元之信託收據貸款在性質上相等於應付票據，因此不計入資產負債比率之計算內。誠如下表所示，信託收據貸款取代了部分貿易應付賬款。

| | 2005 | 2004 |
|--|----------------|----------------|
| | HK\$'000 | HK\$'000 |
| | 千港元 | 千港元 |
| | 176,612 | 246,848 |
| | 95,689 | 19,239 |
| | <u>272,301</u> | <u>266,087</u> |

CAPITAL STRUCTURE AND EXCHANGE RATE

During the year, 1,500,000 and 620,000 new shares were issued at exercise price of HK\$0.434 and HK\$1.02 per share respectively upon the exercise of share option by options holders.

All sales in the current year were in US dollars and the majority of the Group expense was in RMB and HK dollars. However, the depreciation in Euro did have a negative impact on the selling price of the Company's products as this rendered our products more expensive in Europe.

The appreciation of RMB on the other hand also had a negative impact on our cost structure. The Group studied and discussed with its banks the possibility of hedging against the RMB, but ultimately decided against this as the premium was considered too expensive. The Group does not speculate in currencies.

All bank borrowings of the Group were made in either HK dollars or US dollars and carried interest at fixed-rate except the trust receipt loans which carried interest at variable rates.

股本架構及匯率

年內，因購股權持有人行使購股權，本公司分別按每股0.434港元及1.02港元之行使價發行1,500,000股及620,000股新股份。

本年度內之所有銷售均以美元進行，而本集團之大部分開支則以人民幣及港元列值。然而，歐羅貶值對本公司產品之售價構成負面影響，令本公司之產品於歐洲更為昂貴。

另一方面，人民幣升值對本集團之成本結構亦造成負面影響。本集團已跟其往來銀行研究及磋商對沖人民幣之可能性，惟鑑於溢價過高而最終遭否決。本集團並無進行貨幣投機活動。

本集團所有銀行借貸均以港元或美元列值及按固定利率計息，惟信託票據貸款則按浮動利率計息。

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INVESTMENTS

The Group did not make any significant investments during the year under review.

CONTINGENT LIABILITIES

The Company has outstanding guarantees of approximately HK\$70 million to secure general banking facilities granted to a jointly controlled entity.

CAPITAL COMMITMENT

As at 31 December 2005, the capital expenditure in respect of acquisition of intangible assets contracted for but not provided in the financial statements amounted to approximately HK\$3 million (2004: HK\$7 million).

EMPLOYEES

The Group's emolument policies are formulated on the performance of employees with reference to the market condition. The Board may exercise its discretion to grant share options to the executive directors and employees as an incentive to their contribution to the Group. No option has been granted to the employees during the year under review.

投資

於回顧年度內，本集團並無作出任何重大投資。

或然負債

本公司向若干銀行所作出之擔保約為70,000,000港元，作為向一間合營公司授出一般銀行融資之抵押。

資本承擔

於二零零五年十二月三十一日，有關收購已訂約但未於財務報表中作出撥備之無形資產之資本開支約為3,000,000港元（二零零四年：7,000,000港元）。

僱員

本集團之酬金政策，乃參考市況就僱員之表現而制定。董事會可酌情授予執行董事及僱員購股權，作為彼等對本集團貢獻之獎勵。於回顧年度內，本集團並無向僱員授出任何購股權。