

管理層討論及分析 Management Discussion & Analysis

回顧及前景

財務回顧

年內，本集團取得諾基亞兩款新型號手機6021及6708的全國分銷權。諾基亞6021型號手機為一款備有藍芽耳筒的中檔產品，可是並未廣為市場接納。另一方面，備有輕觸式螢幕功能的高價型號手機6708的分銷權於本年底才獲授，儘管於二零零六年首季的市場需求極為殷切，惟年內對本集團的貢獻卻不大。本集團本年度的營業額及業績仍然主要依賴7610型號，以及其他較為熱門的3220及2600型號，此等型號手機均於二零零四年末季推出市場。儘管較舊的型號N-Gage QD、3100及2300在市場上漸趨成熟，惟仍為本集團帶來莫大貢獻。年內，本集團亦分銷NEC及明基等其他品牌的手機型號，但此僅佔本集團總營業額的一小部分。

本集團於年內錄得綜合營業額合共2,664,000,000港元，而上年度九個月期間則為2,086,000,000港元。二零零五年的手機總銷售量達2,760,000部，較二零零四年上升5%。截至二零零四年十二月三十一日止九個月期間的手機總銷售額為1,946,000部。

在不同分銷渠道的各種挑戰所衝擊下，尤其是多家主要電信及家電連鎖店為求擴大市場佔有率、吸引顧客及清銷存貨而展開的價格競爭，本集團的毛利率由對上期間的4.4%減少至本年度的3.6%。然而，經本集團管理層積極與各賣方及連鎖店磋商後，不健康的價格競爭情況於二零零五年度下半年獲得舒緩，而本集團本年底已重上軌道，二零零六年首季的銷售額及邊際利潤均錄得可觀增長。本集團貫徹奉行其品牌多元化策略，分銷三星型號手機，此舉措施亦有助改善本集團於未來數年的邊際利潤。

REVIEW AND OUTLOOK

Financial Review

During the year, the Group only obtained nationwide distribution rights for two Nokia's new handset models: 6021 and 6708. Nokia model 6021 is a middle range product with a Bluetooth earphone but, unfortunately, was not widely accepted in the market. On the other hand, the distribution right of high value model 6708 came with a touch screen feature was only granted at the end of the year and hence did not have much contribution to the Group during the year even though it was highly demanded in the market in the 1st quarter of 2006. The Group's turnover and result for the year was still mainly relied on model 7610 together with other more popular models 3220 and 2600 which were launched in the last quarter of 2004. Even though older models N-Gage QD, 3100 and 2300 were getting mature in the market, they still had a substantial contribution to the Group's turnover. The Group also distributed models of other brands including NEC and BenQ during the year but they only represented an insignificant portion of the Group's total turnover.

The Group recorded a consolidated turnover during the year of total HK\$2,664 million as compared with that of HK\$2,086 million for the nine months period last year. The total number of handsets sold in 2005 of 2,760,000 sets was 5% higher than that of 2004. Total number of handsets sold during the nine months period ended 31st December, 2004 was 1,964,000 sets.

In facing of challenges from different distribution channels with particular the price competitions from leading telecom and home appliances chain stores with a view to enlarge their market shares, to attract customers and to clear up inventories to speed up their cash flow, the Group recorded a decrease in gross margin from 4.4% last period to 3.6% this year. Nevertheless, after the Group's management proactively negotiating with vendors and chain stores, the unhealthy price competitions was regulated in the second half of 2005 and the Group went back to its right track by the end of the year with a substantial growth in sales and profit margin in the first quarter of 2006. The Group's brand diversification strategy on distributing Samsung models will also help to improve the profit margin of the Group in the coming years.

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為擴大地區覆蓋及提高市場滲透率，本年初的分銷成本大幅上升。儘管本集團於本年度下半年精簡旗下業務，惟總分銷成本及行政費用仍分別較去年增加54%及29%。行政費用上升，主要由於年內根據本集團的政策及慣例作出額外之應收貿易賬款撥備7,000,000港元所致。利率上升亦導致融資成本較去年增加30%。因此，本集團本年度錄得除稅前溢利20,000,000港元，較截至二零零四年十二月三十一日止九個月期間的52,000,000港元減少32,000,000港元。本年度股東應佔溢利為11,000,000港元，較截至二零零四年十二月三十一日止九個月期間的43,000,000港元減少73%。本集團於二零零五年十二月三十一日的資產淨值為354,000,000港元或每股1.17港元，而於二零零四年十二月三十一日則為349,000,000港元或每股1.16港元。截至二零零五年十二月三十一日止年度的每股盈利為3.8仙，而截至二零零四年十二月三十一日止九個月期間的每股盈利則為14.2仙。

於二零零五年底，本集團收購Synergy Technologies (Asia) Limited (「Synergy」) 的100%股權，並出售其經營軟件開發業務的關聯公司的46%股權；而Synergy乃本公司擁有51%權益的前附屬公司，在香港從事個人數碼助理、智能電話及網絡系統的分銷業務。此項交易有助加強本集團對Synergy進一步開發其業務所提供的支援，並可讓本集團專注於核心業務，亦有助提升集團在香港的知名度。

Synergy本年度錄得營業額195,000,000港元，與截至二零零四年十二月三十一日止九個月期間的營業額100,000,000港元比較，增長逾倍。鑒於香港市場對智能電話的需求不斷上升，為進一步刺激Synergy的銷售額，Synergy將在香港市場陸續推出更多不同品牌兼備不同功能的型號。本年二月，Synergy與台灣數一數二的自營品牌智能電話生產商集嘉通訊股份有限公司簽立一項獨家分銷協議，而兩款集嘉型號智能電話已於三月登陸香港，其中一款備有電視功能，另一款則內置五百萬像素相機。兩款智能電話在市場上大受歡迎，必能為Synergy帶來額外收益及利潤。

To increase the geographical coverage and deepening market penetration, distribution costs increased substantially in the beginning of the year. Even though the Group streamline its operations in the second half of the year, total distribution costs and administrative expenses still showed an increase of 54% and 29% respectively in comparison with that of the last year. The increase in administrative expenses was mainly due to the additional allowance for trade receivable of HK\$7 million made during the year in accordance with the Group's policies and practices. The raise in interest rate also led to an increase in finance expenses of 30% over the last year. As a result, the Group reports a profit before taxation of HK\$20 million for the year, a decrease of HK\$32 million in comparison with that of HK\$52 million for the nine months period ended 31st December, 2004. The net profit attributable to shareholders for the year was HK\$11 million, decreased by 73% as compared with that of HK\$43 million for the nine months period ended 31st December, 2004. The net asset value of the Group as at 31st December, 2005 amounts to HK\$354 million or HK\$1.17 per share versus HK\$349 million or HK\$1.16 per share as at 31st December, 2004. The earnings per share for the year ended 31st December, 2005 is 3.8 cents, while the earnings per share for the nine months period ended 31st December, 2004 is 14.2 cents.

At the end of 2005, the Group acquired 100% shareholding of Synergy Technologies (Asia) Limited ("Synergy"), a former 51% subsidiary distributing PDA, smartphones and network systems in Hong Kong, and disposed of 46% shareholding in its related companies carrying out software development business. The move helps to strengthen the Group's supports to Synergy in further developing its business and let the Group focus on its core business. This will also enhance the Group's presence in Hong Kong.

Synergy recorded a turnover of HK\$195 million for the year, which was almost double than that of HK\$100 million for the nine months period ended 31st December, 2004. In view of the increasing demands in smartphones in Hong Kong and to further stimulate Synergy's sales, Synergy will continue to introduce more models with different features in different brands to Hong Kong. In February, Synergy just signed up a sole distribution agreement with Gigabyte Communications Inc., one of the largest own brand smartphone manufacturer in Taiwan and, in March, two Gigabyte models, one with TV feature and the other one with 5 megabyte pixels camera, were launched in Hong Kong. Both smartphones are well received in the market and will certainly bring additional revenue as well as profit to Synergy.

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於二零零五年十二月三十一日，本集團的銀行借貸總額約為272,000,000港元，其中95,000,000港元為以人民幣定值的週轉性營運資金貸款，可讓本集團因應不斷轉變的每月貿易量加以靈活調度。本集團的銀行借貸由二零零四年十二月三十一日的466,000,000港元減少至272,000,000港元，主要由於收緊對存貨及應收賬款的管理及監控以致營運資金需求降低。所有貸款的息率以每月、每季或每半年基準定息計算。集團於九月新增了一項16,000,000美元的三年期銀團貸款，可為本集團提供較為穩定的財務結構及更有效地監控融資成本。然而，由於違反其中一項財務契諾，該貸款現已根據相應的會計準則被分類為短期性質。本集團正與多家銀團洽商，並有信心獲取不須遵守該契諾的豁免權。由於本集團於二零零五年十二月三十一日並無任何長期負債，因此其資產負債比率為零。銀行存款總額及現金結餘約為353,000,000港元，其中147,000,000港元已質押予銀行。本年度的融資成本為22,000,000港元，因利率攀升而較上一個財政期間為高。利息保障倍數約為兩倍。為應付高銀行借貸利率，本集團繼續嚴密監管其營運資金需要，務求減少其銀行借款總額及降低融資成本。

年內，本集團的融資及庫務政策並無重大轉變。由於本集團超過90%的銷售額及購貨額均以人民幣定值，而人民幣兌港元的匯率相對穩定，故貨幣風險承擔甚微。

於二零零五年十二月三十一日的存貨金額為181,000,000港元，存貨週轉期相當於約26日，而於二零零四年十二月三十一日按存貨水平280,000,000港元計算的存貨週轉期則為38日。存貨週轉期縮短，主要由於使用本集團自行開發的即時網上分銷資源規劃系統後，能更迅速及有效地監控存貨變動所致。本集團向供應商訂購存貨及與其磋商價格時採取審慎態度。任何產品價格下降均不會對本集團的財務狀況構成重大影響，因其會由供應商預先協定的價格回扣所承擔。因此，本集團於年內僅須為滯銷及陳舊存貨作出少量撥備4,000,000港元，而集團於二零零五年十二月三十一日的絕大部分存貨為近期型號的移動電話。

As at 31st December, 2005, the Group's aggregate bank borrowings amounted to approximately HK\$272 million, of which HK\$95 million was revolving working capital loans denominated in Renminbi to provide flexibility to the Group in response to the changing monthly trading volume. The decrease in bank borrowing from HK\$466 million as at 31st December, 2004 to HK\$272 million is mainly attributable to the decrease in working capital requirement arising from tightening the management and controls over the inventory and accounts receivable. The interest rates for all the loans are fixed on monthly, quarterly or semi-annual basis. A 3-year syndicated loan of US\$16 million was raised in September which provided a more stable financing structure to the Group and a better control over the financing cost. However, due to the breach in one of the financial covenants, the loan was currently classified as short-term in accordance with the corresponding accounting standard. The Group is negotiating with the syndicated banks and has confidence to obtain waiver for the compliance of the covenant. The Group did not have any gearing as the Group did not have any long term liability as of 31st December, 2005. The total bank deposits and cash balances amounted to approximately HK\$353 million, of which HK\$147 million has been pledged to banks. The finance costs for the year of HK\$22 million was higher than that of the last financial period because of the raise in interest rate. The interest cover is approximately 2 times. To cope with the high bank borrowing rate, the Group continues to monitor its working capital requirement closely with a view to reduce its total bank borrowing and lower the finance costs.

During the year, there was no material change in the Group's funding and treasury policy. As over 90% of the Group's sales and purchases are denominated in Renminbi and the exchange rate of Renminbi and Hong Kong dollar is relatively stable, the risk of currency exposure is considered minimal.

The amount of inventory as at 31st December, 2005 was HK\$181 million, which represents approximately 26 days stock turnover as compare to 38 days stock turnover based on the inventory level of HK\$280 million as at 31st December, 2004. The reduction in stock turnover period is mainly attributable to more efficient and effective control over the movements of inventory after making use of the real time web-based distribution resources planning system which is developed by the Group. The Group is taking a cautious approach in inventory ordering and price negotiation with suppliers. Any drop in price of the product has no material impact on the financial position of the Group as most inventories are covered by pre-arranged price rebates from suppliers. As a result, the Group only made a small provision of HK\$4 million for slow-moving and obsolete stocks during the year even though most inventories were still current models of mobile phones as at 31st December, 2005.

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於二零零五年十二月三十一日，應收貿易賬款為79,000,000港元，應收賬款週轉期約為11日，而於二零零四年十二月三十一日則為25日。應收賬款週轉期縮短主要由於本集團年內實行收緊信貸控制所致。本集團繼續採納嚴謹的信貸控制政策，而大部分銷售均以現金結算，或給予少於30日的有限信貸期。於二零零五年十二月三十一日，超過58%之應收貿易賬款之賬齡為少於30日。然而，年內若干大客戶出現財政困難並延遲清償其債項。儘管本集團有信心透過多項收債程序而收回大部分債項，惟本集團本年度仍作出為數7,000,000港元的額外撥備，相當於本集團營業額約0.2%。

年內，本集團以以前擁有51%權益的附屬公司長遠智揚(控股)有限公司中的46%權益換取Synergy的49%權益。經重組後，本集團持有Synergy的100%權益及長遠智揚(控股)有限公司的5%權益。年內，集團並無收購或出售其他重大投資、附屬公司、聯營公司或附屬公司。於二零零五年十二月三十一日，概無重大或然負債或資本承擔。

於二零零五年十二月三十一日，本集團於中國多個城市共聘用789名僱員，當中包括708名市場推廣代表及非合約推廣人員。經精簡業務後，年內裁減市場推廣代表及推廣人員數目對本集團的整體營業額並無重大影響。僱員薪酬乃按彼等的工作性質及市場而定，集團每季進行表現評估，以釐定嘉許僱員的報酬。本集團根據中國及香港的適用規例提供員工福利及退休金供款。自二零零四年十二月三十一日以來，薪酬政策、花紅及購股權計劃並無重大變動。自現有購股權計劃採納迄今，並無授出任何購股權，惟年內已向方健僑先生授出一項可購入Synergy 11%股權的購股權。

營運回顧

市場綜覽

據信息產業部的資料，於二零零五年十二月底，中國的移動電話服務用戶人數超過三億九千三百萬，滲透率為每100人有30.3名用戶。年內，中國移動電話用戶人數增加約五千九百

The amount of trade receivable as at 31st December, 2005 was HK\$79 million, which represented approximately 11 days debtor turnover period as compare to 25 days as at 31st December, 2004. The improvement in debtor turnover period was mainly due to the Group exercising a tightened credit control procedures during the year. The Group adopts a tight credit control policy and most of the sales are on either cash basis or limited credit period of less than 30 days. As at 31st December, 2005, more than 58% of trade receivables were aging less than 30 days. Nevertheless, there are some sizable customers went into financial difficulties during the year and delayed in settling their debts. Even though the Group has confidence to recover a substantial part of them via various debt collection processes, the Group still made an additional allowance for the year of HK\$7 million, which represents approximately 0.2% of the Group's turnover.

During the year, the Group disposed of 46% interests in Synergy Pacific (Holding) Limited, a former 51% subsidiary of the Group, in exchange of 49% interests in Synergy. After the restructuring, the Group held 100% interests in Synergy and 5% interest in Synergy Pacific (Holding) Limited. There was no other acquisition or disposal of material investment, subsidiary, associates or affiliated company during the year. There was no significant contingent liability or capital commitment as of 31st December, 2005.

As at 31st December, 2005, the Group had a total number of 789 employees, which included 708 marketing representatives and non-contracted promoters in various cities in the PRC. After streamlining the operations, the number of marketing representatives and promoters reduced during the year without any significantly affecting the Group's overall turnover. Employees are remunerated according to the nature of their job and market trend, with quarterly performance evaluation to determine rewards in motivating individuals. The Group provides staff welfare and fund contribution to its employees in accordance with prevailing regulations in the PRC and Hong Kong. There is no material change in remuneration policy, bonus and share option scheme since 31st December, 2004. No option has been granted since the adoption of the current option scheme except that a share option to acquire 11% shareholding of Synergy was granted to Mr. Fong Kin Kiu during the year.

Operational Review

Market Overview

According to the statistics released by the Ministry of Information Industry, China recorded more than 393 million subscribers to mobile phone services as at the end of December 2005, equivalent to a penetration rate of 30.3 users per 100 persons. The number of mobile phone users in China

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萬人或18%。與其他已發展國家相比，現時滲透率依然偏低，其他已發展國家的滲透率一般超過50%。中國每年經濟增長超逾8%，預計中國移動電話市場每年將繼續以雙位數增長。

中國政府至今尚未決定何時發出第三代移動電話服務(3G)牌照與牌照數目，惟預期有關牌照將於本年中發出，而3G移動電話或會於二零零六年末季推出市場。3G移動電話的推出肯定會吸引不少新客戶，並可為市場造就額外需求。然而，3G移動電話需要網絡營運商提供大量支援以推出不同增值服務，故營運商須更主動地參與以提高銷售額，而此乃有別於現有的分銷模式。

移動電話市場的競爭仍然非常激烈，各種價格範圍的型號有超過1,000種之多。然而，三大外國品牌分別為諾基亞、摩托羅拉及三星的市場佔有率仍在擴大，雄踞60%以上的市場佔有率。不少國產品牌(聯想除外)的移動電話業務均錄得虧損，若干本地生產商因而被逼淡出市場。由於市場競爭激烈，手機型號壽命周期愈來愈短。隨著消費能力增強，人們較以往更頻密地轉換手機款式，從而縮短替換周期。正因換機市場的用戶人數相當多，故此該市場變得日益重要。

業務回顧

年內，移動電話分銷業務仍為本集團的主要核心業務，佔本集團營業額及經營溢利90%以上。諾基亞的低端市場型號2300及2600年內分別佔本集團銷售量約19%及33%。至於中高檔市場，諾基亞3220及7610型號表現依然理想，年內分別佔本集團銷售額的24%及18%。

過去兩年，本集團在擴展其分銷網絡及提高滲透率方面一直不遺餘力，因此於二零零五年的客戶群包括超過10,000名可直接向其發單的活躍客戶，較二零零四年增長50%以上。本集團將開始專注於該等客戶的質素並加強與彼等的業務關係，務求在迅速擴充網絡之餘，亦可產生更高銷售收入。

increased by approximately 59 million or 18% during the year. Nevertheless, the existing penetration rate is still low in comparison with that of other developed countries of more than 50%. With a continuous economic growth rate of more than 8% per annum in the PRC, it is expected that the PRC mobile phone market will continue to grow at a double digit figure per year.

The Chinese government has not yet confirmed when to issue 3G licenses and how many would be issued but it is expected that the licenses will be issued in the middle of the year and 3G phones will probably be launched in the last quarter of 2006. The launch of 3G phones will definitely attract new customers and create additional demands for the market. However, as 3G phone requires a substantial supports and add-on services from operators, operators should then play a more active role in pushing the sales and this may differ from the existing distribution models.

The mobile phone market remains very competitive with over 1,000 models at various price ranges. However, foreign brands, especially the top three brands: Nokia, Motorola and Samsung, continues to increase their markets share in the market and capture more than 60% market share of the market. Most domestic brands, other than Lenovo, were making losses in their mobile phone businesses and some were forced to fade out from the market. Because of the keen competition in the market, life cycles of handset models are getting short. With higher consumption power, people change handset more frequently than in the past which shortens the replacement cycle and makes replacement market become more important with such a high number of users in the market.

Business Review

Mobile phone distribution continues to be the Group's major core business for the year, which accounted for over 90% of the Group's turnover and operation profit. For low end entry models, Nokia's models 2300 and 2600 accounted for almost 19% and 33% of the Group's sales volume respectively during the year. In mid to high market segment, the performance of Nokia's models 3220 and 7610 are still promising which account for 24% and 18% respectively of the Group's turnover during the year.

With continuous effort in expanding the Group's distribution network and deepening penetration in the past two years, the Group maintained a customer base to cover more than 10,000 direct invoiced active customers by the end of 2005, a growth of more than 50% in comparison with that of 2004. The Group will start to focus on the quality of and to strengthen the relationships with those customers with a view to generate more sales revenue instead of to grow the network rapidly.

管理層討論及分析 Management Discussion & Analysis

在香港，隨著O₂ mini xda II及palmOne Treo 650於二零零四年底及二零零五年初推出市場，Synergy本年度的營業額及溢利均創下記錄新高。與此同時，網絡系統分銷業務年內亦維持穩定增長，而Synergy亦於二零零五年底及本年初與若干國際生產商包括Ruckus、Aruba Networks、Asoka等簽立多項分銷協議。

前景及展望

於二零零六年一月，本集團取得三星手機型號E778的全國分銷權。此乃本集團的首個三星型號，預期集團將會於未來一至兩個月內陸續引入更多型號。憑藉此等分銷權，再加上本集團於二零零五年十二月取得諾基亞手機型號6708的全國分銷權，以及其他現有型號的全國分銷權，來年本集團的營業額及邊際利潤可望更上一層樓。

於二零零五年底經重組後，本集團應可把更多資源及支援投放於Synergy上，讓Synergy得以迎合智能移動電話日益增長的需求及提升本集團於香港的知名度。本集團亦會利用其與供應商的關係，藉以在市場上推出更多不同品牌的手機型號。為滿足對收發電郵的不斷增長需求，Synergy將聯同供應商提供一站式解決方案予企業客戶。此項服務將需要Synergy持續不斷的服務及支援，並可為Synergy帶來較為穩定的收入及較高的邊際利潤。

本集團將繼續物色其他可進一步作多元化發展的商機，包括開發其他物流及分銷模式以就即將推出的3G移動電話向供應商及營運商提供增值服務；擴大現有品牌組合以覆蓋中國移動電話大部分主要外國品牌；與互聯網服務供應商合作以提供以本集團的即時網上分銷資源規劃系統發展或改良而成的應用軟件；向客戶提供增值服務以鞏固客戶忠誠度；以及設立網站以利用互聯網在中國銷售移動電話。本集團亦會考慮各種收購合併機會，力求拓展集團業務範疇。

In Hong Kong, with the launch of O₂ mini xda II and palmOne Treo 650 in late 2004 and early 2005, Synergy reached a record high in both its turnover as well as profit for the year. At the same time, the distribution of network systems also maintained a stable growth during the year and Synergy signed up distribution agreements with certain international manufacturers like Ruckus, Aruba Networks, Asoka, etc. in late 2005 and early this year.

Prospect and Outlook

In January 2006, the Group obtained a national distribution right for Samsung handset model E778. This is the first Samsung model for the Group and it is expected that more models will bring into the Group in the coming one to two months. These together with the national distribution right for Nokia's handset model 6708 that the Group obtained in December 2005 and other existing models will improve the Group's turnover as well as profit margin of the Group for the coming year.

After the restructuring at the end of 2005, the Group should be able to put more resources and supports to Synergy so as to enable it to capture the growing demand in smartphone and to enhance the Group's presence in Hong Kong. The Group will also make use of its relationships with suppliers to bring in more models of different brands to the market. To cope with the increasing demand in pushing email, Synergy will link up with suppliers to provide one-stop solutions for corporate customers. This will require continuous services and supports from Synergy which will create a more stable income and higher profit margin for it.

The Group will also continue to seek for other business opportunities for further development and diversification, which includes developing other logistic or distribution models to provide added value to suppliers as well as operators for the coming 3G phones, expanding existing brands portfolio to cover more major foreign brands of mobile phones in the PRC, cooperating with Internet Service Provider on providing application software which developed or modified from the Group's real time web-based distribution resources planning system, providing added value services to customers to build up customer loyalty and setting up website to conduct Internet sales of mobile phones in the PRC. The Group will also consider various M&A possibilities to diversify our business scopes.