



主席劉錫康先生  
Chairman, Mr. Lau Sak Hong, Philip

### 業務回顧 業績

截至二零零六年三月三十一日止年度，集團之營業額為十八億二千萬元（二零零五年：十六億四仟七百萬港元），增長10.5%。股東應佔盈利七千九百一十四萬一千港元，大幅增長56.6%。股東應佔盈利已扣除非經常性項目員工購股權公平價值費用三百四十萬港元，撇除現代(Hyundai)部門前期開辦費四百二十萬港元、番禺物業物業發展以前建築費撥備不足二百三十萬港元、及關閉南頭一塑膠廠房損失一佰萬港元。管理層認為上述非經常性項目總額一仟零九拾萬港元乃屬一次性，不會重新發生。

### 末期股息

董事局宣佈派發截至二零零六年三月三十一日止年度之末期股息每股3仙（二零零五年三月三十一日止年度：2仙）給予於二零零六年九月十八日在股東名冊上之股東。股息單將於二零零六年九月二十五日左右寄予各股東。

### 電子部門

集團除於本財政年度首季因減少推售低邊際利率之音響產品及OEM產品而引至營業額倒退外，從本財政年度第二季開始，營業額均錄得滿意增長。市場對視像產品，如手提式TFT DVD、DVD及電視DVD組合之需求都非常殷切。而邊際利率，均比音響產品為高。本年度電子零件價格整體維持穩定，雖然部份原件之價格，如塑膠原料及金屬原件等價格仍然高企，但波動不大，故期間銷售之產品，能取得較高邊際利率。

### 證券買賣

本年度部門買賣並不活躍，營業額約三仟七佰五十萬港元。

### 物業發展

本年度部門銷售並不活躍，只錄得上年少撥成本二百三十萬港元。

### BUSINESS REVIEW

#### Results

During the year ended 31 March 2006, the Group recorded a turnover of HK\$1,820 million (2005: HK\$1,647 million), representing an increase of 10.5%. Profit attributable to shareholders of the Company significantly increased by 56.6% to HK\$79 million. The profit was after deduction of non-recurrent expenses which include employer share option expenses of HK\$3.4 million, written off of pre-operation expenses for Hyundai Division of HK\$4.2 million, and under accrued construction cost for Panyu property development of HK\$2.3 million, and the loss on the closure of the plastic factory in Nantou of HK\$1.0 million. The management anticipated that the total non-recurrent expenses of HK\$10.9 million would not occur subsequently.

#### Final Dividend

The Directors have declared a final dividend of HK3 cents per share for the year ended 31 March 2006 (2005: HK 2 cents) to those shareholders whose names appear on the register of members on 18 September 2006. Subject to the approval of the final dividend at the forthcoming annual general meeting, dividend will be paid to the shareholders on or about 25 September 2006.

#### Electronics Division

Despite the drop in turnover resulting from the downsizing of low-margin audio and OEM products during the first quarter, the Group's turnover has recorded satisfactory growth since the second quarter of the financial year. There is an increasing market demand for video products such as portable TFT DVD, DVD and DVD television combos, which generate reasonable profit margins than audio products. Though the prices of certain components like plastic resin and metal remained high during the year, the price fluctuation was minimal. Together with the stable prices of electronic components, the products sold during the year have achieved better profit margins.

#### Securities Trading

During the year, the transactions of the division were not active, only recorded a turnover of about HK\$37.5 million.

#### Property Development

The transactions during the year were not active and only recorded an under-provided construction cost of about HK\$2.3 million.

### 展望

集團將繼續現行成功策略，產品方面以發展高科技，高邊際利率為主，減少低邊際利率之音響及OEM銷售。未來著重發展推售視像產品，并計劃於年底前，推出LCDTV系列。市場上對視像產品需求殷切，集團今年手持訂單，與去年比較，錄得顯著增長。

集團除發展傳統影視產品外，亦發展年青人電子產品("Youth electronics")系列，為集團帶來可觀訂單。該系列產品透過富有特色之卡通人物，如"TEENAGE MUTANT NINJA TURTLES"、"DORA THE EXPLORER"、"SPONGE BOB SQUAREPANTS"、"HELLO KITTY"、"BRATZ"及"STRAWBERRY SHORTCAKES"品牌推出，爭取年青階層市場。集團亦繼續爭取擴展該系列業務。集團於番禺及深圳南頭擴充三十三萬呎廠房後，預計今年可增加約50%產能。另外集團相連番禺現有廠房之四十畝地，可望於年底前擴建約三十萬呎新廠房，應明年生產需要。

集團完成收購THE SINGING MACHINE COMPANY INC.及賢邦有限公司股權後，預計可發揮協同效應。增加集團銷售能力。THE SINGING MACHINE COMPANY INC.之門市部門，可向美國次級零售連鎖店推銷集團產品。而THE SINGING MACHINE COMPANY INC.之完善物流管理，亦可幫助集團向美國著名零售商提供直接內銷美國市場。而賢邦有限公司之研發部門，可增強集團新產品研究及發展，賢邦有限公司對歐洲市場之銷售經驗，進一步輔助集團於歐洲市場之推銷能力。

原材料方面，除塑膠原料及部份金屬原件價格仍然高企外，其他原料價格都很穩定及有下降趨勢，而為保持穩定利率，集團已為部份塑膠原料作出對沖安排。另外市場上對電子消費品，特別視像產品之需求，都有增長。故集團對截至二零零七年三月三十一日止年度之營業額，很有信心可取得強勁增長。

### PROSPECTS

The Group will continue to implement its existing successful strategy by focusing on high-technology products with better profit margin while downsizing low-margin audio and OEM products. With its emphasis on video products, the Group plans to launch the LCDTV series by the end of the year. Due to the soaring market demand for video products, the Group's orders on hand have increased significantly compared to last year.

In addition to traditional video products, the Group is also developing the "Youth electronics" series which brought in considerable orders. The series is launched under the brands of well-known cartoon characters, such as "TEENAGE MUTANT NINJA TURTLES", "DORA THE EXPLORER", "SPONGE BOB SQUAREPANTS", "HELLO KITTY", "BRATZ" and "STRAWBERRY SHORTCAKES", to capture the youth market. The Group also plans to expand this line of business. With the additional 330,000 square feet in the factories located in Panyu and Nantou, Shenzhen, the Group's production capacity is expected to increase by approximately 50% this year. In order to meet the requirement of its production scale for the coming year, the Group plans to build a new facility with a site area of approximately 300,000 square feet on a piece of land with 40 acres adjacent to its existing Panyu factory by the end of this year.

Following the acquisitions of equity interests in THE SINGING MACHINE COMPANY INC. and Interforce Limited, the Group's marketing capability is expected to be enhanced with the synergies created. Through the outlets of THE SINGING MACHINE COMPANY INC., the Group is able to market its products to second tier retailing chain stores in the United States. With its comprehensive logistics management, THE SINGING MACHINE COMPANY INC. also helps the Group to explore the retail market in the United States by selling directly in USA to leading local retailers. On the other hand, the research department of Interforce Limited also strengthened the product research and development capability of the Group. With the sales experience in the European markets of Interforce Limited, the Group may further strengthen its marketing ability in the region.

As for components, despite the sustained high prices of plastic materials and certain metal components, the prices of other components have already stabilized and settled on a downward trend. The Group has made hedging arrangement against certain plastic materials to maintain a stable profit margin. Besides, the market demand for electronic consumer products, in particular video products, has been growing. In view of the above, the Group is confident of achieving a strong turnover for the year ending 31 March 2007.

### 財務狀況

#### 流動資金及財務資源

本集團之財務狀況保持強勁。於二零零六年三月三十一日，現金及存款及有價證券約一億一千四百萬港元，而去年則約九千一百萬港元。

以總銀行借款對比股東資金計算之資產負債比率為0.3（二零零五年：0.16），而本年度銀行借款淨額佔股東資金之百分比則為0.19（二零零五年：0.07）。按流動資產對比流動負債計算之流動比率由去年度之2.0降至本年度之1.64。

#### 財務及資本架構

本集團乃以保留盈利及銀行借款作為營運資金。本公司若干購股權獲行使而發行新股份，合共帶來現金流入約二百二十萬港元。

於二零零六年三月三十一日，本集團之銀行總借款約二億二千一百萬港元（二零零五年：一億九百萬港元）全為一年內償還。所有銀行借款均以港元或美元為單位，並按現行市場利率計息。

由於集團絕大部份交易均以美元或港元為結算單位，匯兌風險很低。

人民幣匯率的變動，暫時預計對集團未有重大影響。

#### 資產抵押

於二零零六年三月三十一日，本集團抵押若干資產，其賬面值約為一億二千三百三十九萬一千港元（二零零五年：六千四百五十六萬五千港元）作為一般信貸服務及經紀股票戶口之擔保。

#### 或然負債

於二零零六年三月三十一日止年度本集團之可追索銀行貼現票據或然負債零港元（二零零五年：一百三十五萬港元）。

#### 收購及出售

在本年度，集團並未購入或出售任何附屬或聯營公司。

#### 員工

於二零零六年三月三十一日，本集團擁有員工共六千六百六十二人，其中六千五百一十八人受僱於中國，負責本集團之製造及分銷生意。

本集團為其員工提供之福利如員工保險、退休計劃、花紅、優先認股權計劃、在職訓練及訓練資助。

### FINANCIAL POSITION

#### Liquidity and Financial Resources

The financial position of the Group remained strong. As at 31 March 2006 cash and deposits and marketable securities amounted to HK\$114 million, as compared to HK\$91 million last year.

Gearing ratio, calculated as total bank borrowings to shareholders' fund was 0.3 (2005: 0.16), and net bank borrowings as a percentage to shareholders' fund was 0.19 for the year (2005: 0.07). Current ratio calculated as current assets to current liabilities decreased from 2.0 in prior year to 1.64 for this year.

#### Financing and Capital Structure

The Group finances its operations by a combination of retained earnings and bank borrowings. The Company issued new shares as a result of the exercise of certain share options of the Company and obtained a cash inflow of about HK\$2.2 million.

As at 31 March 2006, the Group's total borrowings of about HK\$221 million (2005: HK\$109 million), all were repayable within one year.

The Group's transactions were mostly denominated in US dollars and Hong Kong dollars. The exposure to exchange risk was minimal.

It is estimated that the change of exchange rate of Renminbi has no significant impact to the Group for the time being.

#### Pledge of Assets

At 31 March 2006, the Group pledged certain assets with carrying value of HK\$123,391,000 (2005: HK\$64,565,000) to secure the general credit facilities granted to the Company and the margin accounts with brokers.

#### Contingent Liabilities

As at 31 March 2006, the Group had contingent liabilities for bills discounted with recourse of nil (2005: HK\$1,350,000).

#### Material Acquisition and Disposal of Subsidiaries and Associated Companies

During the year, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

#### STAFF

As at 31 March 2006, the Group had a total staff of 6,662 of which 6,518 were employed in the PRC for the Group's manufacturing and distribution business.

The Group provides employee benefits such as staff insurance, retirement scheme, discretionary bonus and share option scheme and also provides in-house training programmes and external training sponsorship.