

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Business Review

During the year under review, the Group achieved a turnover of approximately HK\$130.6 million, representing an increase of approximately HK\$127.9 million comparing with last financial year (excluding the turnover attributable to a discontinued operation – trading of electronic components) and the Group's business in different segments have shown steady improvement. For the year ended 31 March 2007, the Group narrowed its net loss attributable to equity holders to approximately HK\$32.5 million from HK\$77.1 million of last financial year, representing an improvement of 57.8%.

In mid 2006, the Group's auto parts processing factory commenced scale production of air conditioning compressors which were marketed under the Japanese brand name of "Unicla". The air conditioning compressors were readily received by its customers in different countries such as the United States, Australia, Europe and Japan. Currently, the Group, through its subsidiary, owns the trademarks of "Unicla" in 20 countries and the patents of "Unicla" products in Japan, Korea, Germany and the United States. In May 2007, the processing factory was granted the international quality certification ISO9001:2000. For the year ended 31 March 2007, the Group's business in manufacturing and trading of automotive components recorded turnover of approximately HK\$10.5 million and the segment loss was approximately HK\$12 million.

On 7 June 2006, the Company, through its indirectly wholly-owned subsidiary, completed the acquisition of the entire issued share capital of Infast Brokerage Limited ("Infast"). Infast provides stock brokerage services to individual and corporate clients. It is a licensed corporation which carries business in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance and is an Exchange Participant and a holder of the Stock Exchange Trading Right.

The Group's businesses in securities brokerage and securities investment have benefited from the booming sentiment of the Hong Kong stock market during the year under review. Turnover derived from the Group's securities brokerage business and securities investment has recorded substantial growth in the bullish market. In order to further lift shareholders' return by capitalising the advantageous market condition, the Group would monitor the market situation and utilise the designated financial resources of the Group to engage in securities investments as and when good investment opportunities are identified. For the year ended 31 March 2007, the Group's business in securities brokerage recorded revenue of approximately HK\$1.2 million and segment loss was approximately HK\$2.4 million. For the same period, the Group's business in securities investment recorded revenue of approximately HK\$112.7 million and the segment profit was approximately HK\$0.1 million.

### 業務回顧

於回顧年度內，本集團實現營業額約130,600,000港元，較上個財政年度增加約127,900,000港元（不包括終止經營業務買賣電子零件所貢獻之營業額），而本集團之不同分類業務亦穩步改善。截至二零零七年三月三十一日止年度，本集團權益持有人應佔虧損淨額由上個財政年度之77,100,000港元收窄至約32,500,000港元，即改善57.8%。

於二零零六年年中，本集團之汽車零配件加工廠開始量產以日本品牌「尤里克拉」行銷之空調壓縮機。空調壓縮機甚受美國、澳洲、歐洲及日本等不同國家客戶歡迎。目前，本集團透過其附屬公司於20個國家擁有「尤里克拉」商標，於日本、韓國、德國及美國擁有「尤里克拉」產品專利權。於二零零七年五月，該加工廠通過ISO9001:2000國際質量認證。截至二零零七年三月三十一日止年度，本集團之製造及買賣汽車零件業務之營業額約為10,500,000港元，分類虧損約為12,000,000港元。

於二零零六年六月七日，本公司透過其間接全資附屬公司完成收購進滙證券有限公司（「進滙」）全部已發行股本。進滙向個人及公司客戶提供股票經紀服務，為可從事證券及期貨條例第一類受規管活動（證券交易）之持牌法團，並且為交易所參與者及聯交所交易權之持有人。

於回顧年度內，香港股市氣氛暢旺，本集團之證券經紀及證券投資業務從中受惠。股市向好，本集團之證券經紀業務及證券投資之營業額錄得大幅增長。為利用有利之市況進一步提升股東回報，本集團將密切注意市場形勢，並於物色到良好投資機會時利用本集團之特定財務資源進行證券投資。截至二零零七年三月三十一日止年度，本集團之證券經紀業務之收入約為1,200,000港元，分類虧損約為2,400,000港元。同期，本集團之證券投資業務之收入約為112,700,000港元，分類溢利約為100,000港元。

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Although the general economy shows an uptrend growth, the increasing market competition has posed tough challenges to the aforementioned businesses of the Group. In addition, the logistics business of the Group also faced intense competition from industry peers and hence has yet to generate profit to the Group. As such, the management will continue to improve and review its existing businesses from time to time.

### Prospects and Future Plan of the Group

Looking forward, the management will review its existing businesses from time to time and strive to improve the business operation and financial position of the Group. The objective of the Group is to establish a solid platform to invest in business sectors providing high growth through acquisition and development of projects with promising future. As such, the Group will proactively seek potential investment opportunities that could enhance the value to the shareholders.

### Liquidity and Financial Resources

As of 31 March 2007, the Group had non-current assets of approximately HK\$29.6 million, which mainly comprised available-for-sale financial assets and property, plant and equipment, and current assets of approximately HK\$131.9 million, which mainly comprised inventories, trade and other receivables, and cash and bank balances. As of 31 March 2007, the Group had no borrowings and hence recorded net cash of approximately HK\$108.4 million.

### Capital Raising and Use of Proceeds

On 7 June 2006, the Company announced to propose an open offer of new shares on the basis of one offer share for every share held, which was successfully completed on 12 September 2006. The Company raised net proceeds of approximately HK\$96.5 million, of which approximately HK\$63 million was intended to finance a proposed investment and the balance would be used for working capital and future investments. As stated in the announcements of the Company dated 7 June 2006, 23 November 2006 and 23 February 2007, a non-legally binding memorandum of understanding (as amended by a non-legally binding supplemental memorandum of understanding dated 23 November 2006) in relation to the proposed investment was signed on 24 May 2006 and subsequently lapsed on 23 February 2007. As stated in the announcement of the Company dated 13 July 2007, after the Company conducted a detailed review on the business operation of the Group, the Company served a notice to the counterparty confirming the termination of the negotiation of the terms and conditions in respect of such proposed investment on 13 July 2007. Hence, the proceeds of approximately HK\$63 million from the open offer closed in September 2006, which were reserved for such proposed investment, would be released for future working capital and/or other future investments as and when the opportunity identified.

儘管整體經濟呈現增長趨勢，但市場競爭加劇，本集團上述業務面臨嚴峻挑戰。此外，本集團之物流業務亦面臨同業之激烈競爭，因此尚未為本集團帶來溢利。故此，管理層將繼續不時改善及檢討其現有業務。

### 本集團之前景及未來計劃

展望未來，管理層將不時檢討其現有業務，致力改善本集團之業務營運及財務狀況。本集團之目標乃透過收購及發展具良好前景之項目，建立一個穩健之平台以投資於提供高增長之業務。因此，本集團將積極物色可為股東帶來更多價值之潛在投資機會。

### 流動資金及財務資源

截至二零零七年三月三十一日，本集團之非流動資產約為29,600,000港元，主要包括可供出售金融資產及物業、廠房及設備，而流動資產約為131,900,000港元，主要包括存貨、貿易及其他應收賬款及現金及銀行結餘。截至二零零七年三月三十一日，本集團並無借貸，因而錄得現金淨額約108,400,000港元。

### 集資及所得款項用途

於二零零六年六月七日，本公司公佈建議公開發售新股，基準為每持有一股股份可獲發一股發售股份，並已於二零零六年九月十二日順利完成。本公司籌得所得款項淨額約96,500,000港元，其中約63,000,000港元擬投放於一項投資建議，而餘額則用作營運資金及未來投資。誠如本公司於二零零六年六月七日、二零零六年十一月二十三日及二零零七年二月二十三日刊發之公告所述，於二零零六年五月二十四日就投資建議簽署無法律約束力之諒解備忘錄（經日期為二零零六年十一月二十三日之無法律約束力之補充諒解備忘錄修訂），其後於二零零七年二月二十三日失效。誠如本公司於二零零七年七月十三日刊發之公告所述，在本公司對本集團之業務概況進行詳細檢討後，本公司於二零零七年七月十三日向對手方發出通知，確認終止就該投資建議洽商條款及條件。因此，於二零零六年九月完成之公開發售之所得款項約63,000,000港元原本預留用於該投資建議，將改為用作未來營運資金及／或於日後物色到機會時作出其他投資。

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### Foreign Exchange Exposure

The Group's transactions were mainly denominated in Hong Kong dollars and US dollars. Given that the exchange rate of Hong Kong dollars against US dollars has been and is likely to remain stable, the Board considers that the Group's risk on foreign exchange will remain minimal.

### Pledge of Assets and Contingent Liabilities

As at 31 March 2007, the Group did not pledge any kind of assets and had no significant contingent liabilities.

### Employees and Remuneration Policies

As of 31 March 2007, the Group had 34 employees in Hong Kong, 143 employees in the People's Republic of China (the "PRC") and 2 employees in Japan. The remuneration policies of the Group are determined with reference to market conditions and individual performance of staff. The Group participates in Mandatory Provident Fund Scheme in Hong Kong and State-managed retirement benefit schemes in the PRC. It also provides provident fund scheme and labour insurance for Japanese employees. The Group has a share option scheme for the benefit of its directors and eligible employees of the Group.

### Capital Commitment

As at 31 March 2007, the Group had capital commitments of HK\$780,000 in respect of the capital contributions to a wholly foreign owned enterprise that was set up in the PRC.

### 外匯風險

本集團之交易主要以港元及美元結算。鑑於港元兌美元匯率一直且可能維持穩定，董事會認為，本集團之外匯風險將仍然有限。

### 資產抵押及或然負債

於二零零七年三月三十一日，本集團並無任何種類之資產抵押，亦無重大或然負債。

### 僱員及薪酬政策

於二零零七年三月三十一日，本集團於香港、中華人民共和國（「中國」）及日本分別聘有34名、143名及兩名僱員。本集團之薪酬政策乃參考市況及員工之個人表現而釐定。本集團參與香港之強制性公積金計劃及中國之國家管理退休金計劃，亦為日本僱員提供退休保障計劃及勞工保險。本集團設有購股權計劃，作為其董事及合資格僱員之福利。

### 資本承擔

於二零零七年三月三十一日，本集團於中國成立之外商獨資企業作出資本出資之資本承擔為780,000港元。