

MANAGEMENT DISCUSSION AND ANALYSIS**管理層討論與分析**

LINFAIR HOLDINGS LIMITED
福茂控股有限公司

FINANCIAL REVIEW

The turnover of the Group for the year ended 31st March, 2005 recorded an increase of approximately 26.7% as compared with last year. Approximately 99.3% (2004: 100.0%) of the turnover in respect of the provision of engineering system contracting services was attributed to optical disc manufacturing systems. The remaining portions were attributed to theme park show and intelligent traffic management systems. Due to the outbreak of the severe acute respiratory syndrome in mid 2003, many commercial activities relevant to all business sectors in which the Group has been engaged in were immobilized, thus inhibited revenue contribution in the preceding year. After the outbreak, the business returned back to normal and an increase was noted as compared to previous year.

The gross profit margin for the year ended 31st March, 2005 dropped slightly from approximately 12.1% in 2004 to 11.1% in 2005. It is partly due to the decrease in gross profit margin in engineering systems contracting projects resulting from the price competition among competitors and partly owing to that the higher margin trading and after sales service income had not picked up as fast as the growth in engineering system contracting revenue.

The net profit margin improved slightly from approximately 5.3% in 2004 to 6.2% in 2005. The growth in net profit was driven by the Group's expanding business.

INITIAL PUBLIC OFFER AND USE OF PROCEEDS

With the dedication of all our staff, the Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited on 10th June, 2005. The gross proceeds raised from the placing and public offer amounted to approximately HK\$66.0 million. The net proceeds, after deducting the expenses paid/payable by the Company, was approximately HK\$49.6 million. Details of the Group's intended usage of the net proceeds are disclosed in the prospectus dated 27th May, 2005 issued by the Company (the "Prospectus"). Up to the date of this report, approximately HK\$15.0 million of the net proceeds has been utilized for the repayment of a monthly renewable revolving term loan as described in the Prospectus. The unutilized net proceeds have been placed as short term bank deposits.

CAPITAL STRUCTURE

As at 31st March, 2005, the Group had a net asset value of approximately HK\$59.4 million (2004: HK\$25.6 million), comprising non-current assets of about HK\$4.4 million (2004: HK\$5.0 million), net current assets of about HK\$55.4 (2004: HK\$21.4 million) and non-current liabilities of about HK\$0.4 million (2004: HK\$0.8 million).

財務回顧

本集團截至二零零五年三月三十一日止年度的營業額較去年上升約26.7%。提供工程系統承包服務的營業額中，光碟製造系統佔約99.3%（二零零四年：100.0%），餘下部分則來自主題樂園表演系統及智能交通管理系統。嚴重急性呼吸系統綜合症於二零零三年年中爆發，在本集團經營業務的地區內，多項商業活動均告癱瘓，對前年的收益有所影響。疫症過後，業務回復正常，本年度與去年相較亦錄得增長。

截至二零零五年三月三十一日止年度，本集團的毛利率由二零零四年約12.1%微跌至11.1%，部份由於競爭對手之間的價格競爭激烈，以致工程系統分包項目的毛利率下滑，部份亦由於溢利率較高的貿易及售後服務收益不及工程系統承包收益的增幅。

純利率由二零零四年約5.3%微升至二零零五年約6.2%。純利增加主要由於本集團擴展業務所致。

首次公開發售及所得款項用途

憑著全體員工全力以赴，本集團於二零零五年六月十日成功在香港聯合交易所有限公司主板上市。配售及公開發售的所得款項總額約為66,000,000港元，而扣除本集團已付/應付的開支後，所得款項淨額約為49,600,000港元。本集團建議的所得款項淨額用途，已於本公司在二零零五年五月二十七日刊發的招股章程（「招股章程」）中披露。直至本報告日期，約15,000,000港元的所得款項淨額已按售股章程所述，用於償還一筆每月續期的循環定期貸款。其餘未動用的所得款項淨額已存作短期銀行存款。

資本結構

於二零零五年三月三十一日，本集團的資產淨值約為59,400,000港元（二零零四年：25,600,000港元），包括非流動資產約4,400,000港元（二零零四年：5,000,000港元）、流動資產淨值約55,400,000港元（二零零四年：21,400,000港元）及非流動負債約400,000港元（二零零四年：800,000港元）。

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations through a combination of shareholders equity, internally generated cash flows and bank borrowings. As at 31st March, 2005, the Group had cash and cash equivalent of approximately HK\$23.0 million (2004: HK\$28.8 million) and total interest-bearing bank borrowings of approximately HK\$53.4 million (2004: HK\$27.3 million), of which approximately HK\$53.2 million (2004: HK\$26.8 million) are repayable within one year and the remaining HK\$0.2 million (2004: HK\$0.5 million) are repayable beyond one year. The Group's current ratio was 1.2 (2004: 1.1) and the gearing ratio (a ratio of total loans to total assets) was 18.4% (2004: 13.3%).

CAPITAL COMMITMENTS

As at 31st March, 2005, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31st March, 2005, the Group had contingent liabilities in respect of performance bonds and letter of guarantee issued by banks in lieu of projects undertaken by a subsidiary amount to approximately HK\$1,339,000 (2004: HK\$Nil) and HK\$195,000 (2004: HK\$Nil) respectively.

MORTGAGES AND CHARGES

As at 31st March, 2005, the Group had outstanding mortgage loan of approximately HK\$0.5 million, for which the office premises of the Group is charged.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2005, the Group employed a work force of 75 staff. Remuneration for employee including medical benefits and staff quarters which are determined based on industry practice, the performance and working experience of the employees and the current market conditions. During the year, the total staff costs amounted to approximately HK\$18.6 million (2004: HK\$17.4 million).

The Company adopted a pre-IPO share option scheme on 30th March, 2005 for the purposes of providing incentives and rewards to eligible participants who have contributed to the success of our operations. As at the date of this report, 15,000,000 pre-IPO share options were granted under the scheme. Details of the grantee are set out in the Prospectus.

流動資金及財務資源

本集團的營運主要從股東資金、內部產生的現金流量及銀行借貸撥付。於二零零五年三月三十一日，本集團的現金及現金等價物約為23,000,000港元（二零零四年：28,800,000港元），帶息銀行借貸總額約為53,400,000港元（二零零四年：27,300,000港元），其中約53,200,000港元（二零零四年：26,800,000港元）須於一年內償還，餘下約200,000港元（二零零四年：500,000港元）須於一年後償還。本集團的流動比率為1.2（二零零四年：1.1），資本負債比率（總資產除以總負債的比率）則為18.4%（二零零四年：13.3%）。

資本承擔

於二零零五年三月三十一日，本集團並無任何重大資本承擔。

或然負債

於二零零五年三月三十一日，本集團發出分別約達1,339,000港元（二零零四年：無）及195,000港元（二零零四年：無）的履約保證及因銀行就一間附屬公司進行的工程發出保證書而承擔或然負債。

按揭及押記

於二零零五年三月三十一日，本集團未償還按揭貸款約為500,000港元，該筆貸款乃以本集團的辦公室物業作抵押。

員工與薪酬政策

於二零零五年三月三十一日，本集團共聘用75名員工。員工薪酬包括醫療福利及員工宿舍，乃根據業界慣例、員工的表現及工作經驗與當時的市況釐定。年內員工總成本約為18,600,000港元（二零零四年：17,400,000港元）。

本公司已於二零零五年三月三十日採納首次公開發售前購股權計劃，為對本公司業務成功作出貢獻的合資格參與者，提供鼓勵與獎賞。於本報告日期，該計劃已授出15,000,000股首次公開發售前購股權。承授人之詳情載於售股章程。

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FOREIGN EXCHANGE EXPOSURE

The majority of the transactions of the Group are denominated in US\$, EURO, and JPY. The Group has not entered into any financial instruments for the purpose of hedging against foreign exchange exposure involved in the Group's operations. However, the Group monitors its foreign exchange exposure by matching the timing of its trading receipts with payments. The Group also matches its selling currencies with its purchasing currencies.

PROSPECTS

While DVD disc writer has already become a major and generally affordable component of personal computers and home entertainment appliances, the Group is looking forward to a vigorous growth in the demand of DVD recordable discs in the coming few years. Since the applications of DVD recordable discs are unable to replace all the applications of CD recordable discs completely, the Group is confident that the combined demand of CD and DVD formatted discs will still follow a positive growth track in the coming few years. Accordingly the Group is anticipating a stronger demand in optical disc manufacturing systems in the second half of the coming financial year.

A number of countries or major cities in South East Asia and Greater China have determined to upgrade their radio and television broadcasting from analogue systems to high end digital systems within the coming decade so as to enjoy the advantage of more efficient use of their radio frequency bandwidths. Having spent years of effort and research resources in up-keeping ourselves in advanced Digital Audio Broadcasting (DAB) and Digital Video Broadcasting (DVB) technology, the Group is optimistic about capturing more business opportunities than the previous years.

In addition to theme parks, the Group's credential enables ourselves to bid for venue systems suitable for used in other mass entertainment applications, international sports events, world convention and conference, and expos. The Group maintains the view of substantial achievements in this business sector to be crystallized in the coming few years.

As a small and new comer to the air traffic control system industry, our professional colleagues had already obtained encouraging recognition by most of our potential customers. Reckoned from voluminous public tenders issued by civil aviation and airport authorities especially those of mainland China, the Group looks forward to some major breakthrough in this business sector in no time.

外匯風險

本集團大部分交易均以美元、歐元及日圓計值。集團並無訂立任何金融工具以對沖集團業務所涉及的外匯風險。然而，本集團會配對貿易帳款的收款與付款時間，以監控外匯風險。本集團亦會採用相同貨幣銷貨及購貨。

前景

現時DVD光碟燒錄機的價格已到了大眾可負擔的水平，並成為了個人電腦及家庭娛樂設備中不可或缺的一環，本集團期待可記錄DVD光碟的需求於未來幾年將會出現高速增長。由於可記錄DVD光碟未能完全代替可記錄CD光碟的各項用途，本集團有信心CD及DVD格式光碟的需求會於往後幾年持續錄得正面增長。因此本集團期望光碟製造技術系統於下個財政年度下半年將出現更龐大的需求。

東南亞及大中華地區中多個國家或主要城市已決定於十年內將無線電及電視廣播由模擬系統提升至高端的數位系統，以得更有效運用無線電頻寬之利。經過多年為緊貼先進的數位音頻廣播（「DAB」）及數位視像廣播（「DVB」）技術所作努力及所投放的研究資源，本集團對於能夠取得比以往更多的商機感樂觀。

除主題樂園外，憑藉本身的資歷，集團亦可競投其他大型娛樂設施、國際體育活動、世界會議與研討會及博覽的場館系統。本集團仍堅信，此業務將可於未來幾年內展現出驕人成績。

我們是航空管理系統業的後起之秀，規模雖小，但旗下專業的團隊已經取得大部份準客戶的認同，成績叫人鼓舞。本集團留意到民航及機場管理當局提供了大量公開競投合約（其中尤以中國為然），故可望此業務於不久將來有重大突破。