

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

The turnover of the Group for the year ended 31st March, 2006 recorded a decrease of approximately 74.1% as compared with last year. Approximately 87.4% (2005: 99.3%) 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 broadcasting and audio-visual, theme park show and intelligent traffic management systems. The sharp decrease in turnover was mainly resulted from a sudden and unexpected downturn in optical disc manufacturing industry which was suffered from high raw materials prices during the year. The optical disc manufacturing system market sector had not yet recovered.

During the year, the Group continued to allocate resources for business development and technology advancement in other emerging business sectors including broadcasting and audio-visual systems and intelligent traffic management systems. The Group has completed several contracts in those emerging business sectors for the year ended 31st March, 2006. The contribution from the emerging business sectors has been reflected from the increase in gross profit margin from approximately 11.1% in 2005 to 19.6% in 2006.

The Group incurred a net loss of HK\$12.2 million in 2006 (2005: a net profit of HK\$42.4 million), though. It was mainly resulted from the significant shrinkage in turnover. The Board, however, had not downsized the Group's operation structure for the ultimate purpose of generating fresh revenue for future periods and a more optimal use of the Group's engineering capabilities.

財務回顧

本集團截至二零零六年三月三十一日止年度的營業額較去年減少約74.1%。提供工程系統承包服務的營業額中，光碟製造系統佔約87.4%（二零零五年：99.3%），餘下部分則來自廣播及音響視像、主題樂園表演系統及智能交通管理系統。光碟製造業於年內飽受原材料價格高企之苦，導致整個行業突然逆轉，實始料不及，此為導致營業額大幅下跌之原因。光碟製造系統市場至今仍未恢復過來。

年內，本集團繼續為廣播及音響視像系統以及智能交通管理系統等其他具潛力之新業務範疇投入資源，以發展業務及提升技術。本集團於截至二零零六年三月三十一日止年度已完成若干項屬於此等業務範疇之合約。毛利率由二零零五年之約11.1%升至二零零六年之19.6%，反映出這些具潛力之新業務範疇的貢獻。

然而，本集團於二零零六年錄得淨虧損12,200,000港元（二零零五年：淨溢利42,400,000港元），營業額大幅減少為其主要成因。惟董事局並無縮減本集團之營運架構，蓋本集團之最終目標為於往後期間取得新收入，以及更優化的使用本集團之工程能力。

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USE OF PROCEEDS

The proceeds from the issuance of new shares by the Company in June 2005, net of listing expenses, were approximately HK\$49.6 million. As at 31st March, 2006, net proceeds were utilized in the following manner:

所得款項用途

本公司於二零零五年六月發行新股份之所得款項(已扣除上市開支)約為49,600,000港元。截至二零零六年三月三十一日止，所得款項淨額已按下列方式予以動用：

		Per Prospectus	Amount Utilised	Balance as at 31st March, 2006
		根據售股章程	已動用金額	於二零零六年三月三十一日之結餘
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Formation of business alliances	成立業務聯盟	17,628	4,319	13,309
Expansion of existing subsidiaries and formation of new subsidiaries	擴充現有附屬公司及成立新附屬公司之開支	2,000	—	2,000
Acquisition of premises for setting up showrooms	收購處所設立陳列室	4,000	—	4,000
Expansion of communication network	擴充通訊網絡	1,000	107	893
Repayment of revolving term loan	償還循環定期貸款	15,000	15,000	—
Expansion of research capabilities	擴充研發能力	6,000	3,595	2,405
Working capital	營運資金	4,000	4,000	—
		49,628	27,021	22,607

The unutilized balance was placed in short term bank deposits.

未動用之餘下款項已存放作為短期銀行存款。

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CAPITAL STRUCTURE

As at 31st March, 2006, the Group had a net asset value of approximately HK\$93.0 million (2005: HK\$59.8 million), comprising non-current assets of about HK\$26.0 million (2005: HK\$4.4 million), net current assets of about HK\$67.0 million (2005: HK\$55.4 million) and non-current liabilities of about HK\$0.7 million (2005: HK\$0.4 million).

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, 2006, the Group had cash and cash equivalent of approximately HK\$36.7 million (2005: HK\$23.0 million) and total interest-bearing bank borrowings of approximately HK\$37.6 million (2005: HK\$53.4 million), of which approximately HK\$37.6 million (2005: HK\$53.2 million) are repayable within one year and the remaining HK\$nil (2005: HK\$0.2 million) are repayable beyond one year. The Group's current ratio was 1.4 (2005: 1.2) and the gearing ratio (a ratio of total loans to total assets) was 14.3% (2005: 18.4%).

CAPITAL COMMITMENTS

As at 31st March, 2006, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31st March, 2006, 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 HK\$5,639,000 (2005: HK\$1,339,000) and HK\$nil (2005: HK\$195,000) respectively.

MORTGAGES AND CHARGES

As at 31st March, 2006, the Group had outstanding mortgage loan of approximately HK\$207,000, for which the office premises of the Group is charged.

資本結構

於二零零六年三月三十一日，本集團的資產淨值約為93,000,000港元（二零零五年：59,800,000港元），包括非流動資產約26,000,000港元（二零零五年：4,400,000港元）、流動資產淨值約67,000,000港元（二零零五年：55,400,000港元）及非流動負債約700,000港元（二零零五年：400,000港元）。

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。於二零零六年三月三十一日，本集團的現金及現金等價物約為36,700,000港元（二零零五年：23,000,000港元），帶息銀行借貸總額約為37,600,000港元（二零零五年：53,400,000港元），其中約37,600,000港元（二零零五年：53,200,000港元）須於一年內償還，另並無銀行信貸（二零零五年：200,000港元）須於一年後償還。本集團的流動比率為1.4（二零零五年：1.2），資本負債比率（總資產除以總負債的比率）則為14.3%（二零零五年：18.4%）。

資本承擔

於二零零六年三月三十一日，本集團並無任何重大資本承擔。

或然負債

於二零零六年三月三十一日，本集團發出分別達5,639,000港元（二零零五年：1,339,000港元）及零港元（二零零五年：195,000港元）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

於二零零六年三月三十一日，本集團未償還按揭貸款約為207,000港元，該筆貸款乃以本集團的辦公室物業作抵押。

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EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2006, the Group employed a work force of 90 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 HK\$19.8 million (2005: HK\$18.6 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 31st March, 2006, 15,000,000 pre-IPO share options remained outstanding. Particulars of it are set out in note 27 to the consolidated financial statements.

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.

BUSINESS PROSPECT

The Group devoted most of its resources to optical compact disc manufacturing system business in the past. This situation is about to change with the increase of contributions by other industrial and other non-industrial application system engineering businesses. However, optical compact disc remains the world's most affordable and efficient information storage media, and it is not likely that this product will be discarded in the future. Thus, optical compact disc business will still remain significant to the Group in the future. After the balance sheet date, our contracts under progress and contracts executed or under negotiation is back on the rising trend.

The Group has launched its industrial manufacturing system of contact lens and solar cell panels after the balance sheet date and OLED display manufacturing system will come on the market in a few months. It is expected that these businesses have the potential of overtaking our operations with the optical compact disc business in the farther future.

員工與薪酬政策

於二零零六年三月三十一日，本集團共聘用90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。年內員工總成本為19,800,000港元（二零零五年：18,600,000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。於二零零六年三月三十一日，15,000,000股首次公開發售前購股權數目仍未行使。計劃之詳情載於綜合財務報表附註27。

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。

業務前景

集團過去將資源高度集中在光碟生產系統業務的情況將隨著集團推出其他工業應用系統工程及非工業應用系統工程的貢獻增加而改變，然而光碟仍然是現今世上最廉宜又具效率之資訊儲存媒體，此產品湮沒於世上之可能亦未能預見，因此，它仍會佔未來集團業務的一定比重。而年結日後執行中合約及已簽訂或洽談中合約已出現回升趨勢。

年結日後，集團已開始推出隱形眼鏡及太陽能電池之工業生產系統，數月後會推出OLED顯示屏之生產系統。預計在較遠之未來這些業務比重可能不亞於光碟方面業務。

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Transformation into high definition and multi-function digital broadcasting system format remains the direction of global broadcasting industry. Innovative technologies and products have already entered into an end-user test drive phase. This business segment will prosper once the format sees its industry wide application.

With the opening of the Hong Kong Disneyland, the entertainment industry in the region has adopted a more proactive approach in developing top-tier amusement and cultural facilities. Recent developments in Macau is in particular more encouraging. The Board considers that with the imminent opening of major casinos and hotels, the industry will allocate considerable resources to amusement and cultural facilities so as to attract more tourists. The Group has already set up a subsidiary in Macau to tender for these high end system engineering projects.

For the upcoming Beijing Olympics, no more time could be spared for delays in the engineering works of sport events venues, and the authority is considering the granting of various engineering contracts, such as visual, audio, lighting, and communication systems contracts. The Group will step up its effort to secure more relevant engineering contracts.

The Group's agreement with civil aviation authorities of Sweden and the Netherlands on the joint development of an aircraft departure management control system had marked the past effort of the Group being recognized by the air traffic control industry. This system would hopefully contribute to our revenue from calendar year 2007 onwards. The first Air Traffic Control system project with the Northern China Civil Aviation Bureau in Beijing Capital Airport, also being the first air traffic control systems integration project in China, successfully completed. The management is optimistic that more good news in the Group's achievement in this sector would be brought forward to our shareholders in the near future.

In order to alleviate the possible impact of any unexpected and adverse changes in a particular industry that may exert on our performance in a particular year, the Group is committed to diversify into various specialized engineering systems sectors so as to optimize the proportion of corporate resources into a dynamic equilibrium among all business sectors the Group had entered into as soon as possible. The Directors accordingly call forth shareholders' confidence and patience with the Group, as we are about to witness the solid growth of the Group.

轉換制式至高清多功能數字化廣播系統，仍然是全球廣播業的發展路向，新技術、新產品都已投入終端用戶實際試用階段，預計當業界大規模採用出現，就是本業務板塊起飛之時。

隨著香港迪士尼樂園投入運作，地區內娛樂事業對高質素遊樂、文娛設施的開拓轉趨積極。尤以澳門的近期發展令人鼓舞，董事局認為隨著大型賭場及酒店即將開幕，業界都會為吸引更多遊客投入更多資源於遊樂及文娛設施上，集團已於當地成立一附屬公司，競投這些高級系統工程。

距離北京奧林匹克運動會的時間已經不容許用作比賽場館之工程進度發生滯延，目前亦開始進入批出影、音、照明、通訊等系統之階段，集團正期待能爭取到更多之相關工程合約。

本集團與瑞典及荷蘭之民航當局訂立協議，共同發展航機離境管理控制系統，這顯示本集團過去於智能交通管理系統之努力，已獲得航空交通管理業界認同。該系統將有望於二零零七年起為本集團提供盈利貢獻。與華北民航總局為北京首都機場發展之首個空運控制系統集成項目（亦為中國首個空運控制系統集成項目）完成後，管理層對本集團於該行業之表現感到樂觀，並相信將於短期內為股東帶來更多好消息。

為淡化個別行業突如其來之倒退可能影響個別年度之表現，本集團致力維持多元化發展各專門工程系統行業之長期策略不變，以期於本集團參與之所有行業比重盡快達致動態平衡。因此，董事謹請股東對本集團投入信心及耐性，因為本集團茁壯成長之日已快將實現。