

中期業績報告

BUSINESS REVIEW

The turnover of the Group for the first half of the year amounted to HK\$218,170,000, a decrease of 11% over the corresponding period in last year. This was attributable to the economic slowdown in the US, which affected global economies and caused a decline in the demands of lighting products and directly affecting the overall businesses of the Group. As a result of the stringent efforts on cost control and to improve management, the Group was able to sustain its high profit margins. Profit attributable to shareholders amounted to HK\$42,904,000, a slight decrease of 11% as compared to the corresponding period in last year. Basic earnings per share was HK9.5 cents.

MARKET ANALYSIS OF HOME LIGHTING

The US Market

The US market continued to suffer from an economic slowdown, with no evident signs of a rebound in the near future and a decline in the market demand for consumer goods (including lighting products). During the period under review, turnover in the US market amounted to over HK\$193,000,000, a decline of approximately 13% over the corresponding period of last year. Although sales were relatively weak for the first half of the year, lighting products are undoubtedly a necessity in life. Coupled with the Group's aggression in launching new products to cater for the different market demands, orders for the Group started to rebound by the second quarter of 2001. Monthly sales on average totalled over HK\$40,000,000, and it is expected to remain stable for the remaining half of the year.

Facing the slowdown of growth in the US market, the corporate strategy is to sustain its high quality in products and also to maintain its amicable relationships with customers. The Group also plans to develop and expand other large and medium sized DIY (Do It Yourself) retail chains and specialty lighting stores. Through continuously researching and developing new designs, unique taste and trendy products to cater for the different needs of the customers, the Group can maintain its competitive edges to sustain a leading position in the market.

業務回顧

本集團於本年度上半年的營業額為二億一千八百一十七萬港元，較去年同期下降百分之十一，主要因為美國經濟放緩，影響全球經濟也走下坡，導致燈飾照明產品需求下降，對本集團整體業務構成直接的影響。惟本集團致力控制成本和加強管理，毛利率得以維持高水平，股東應佔純利達42,904,000港元，較去年同期輕微下降百分之十一，每股基本盈利為9.5港仙。

住宅照明各市場分析

美國市場

美國市場持續陷於經濟增長放緩局面，並未有明顯復甦之現象，市場對消費品(包括燈飾)的需求下降。回顧期內，本集團銷往美國的燈飾總值超過一億九千三百萬港元，較去年同期下降約百分之十三。雖然上半年度的銷售欠理想，但毫無疑問燈飾照明產品是生活必需品，加上本集團不斷推出適合市場不同需求的新產品，故訂單在二零零一年的第二季度已開始回升，每月平均銷售額均超過四千萬港元，預期下半年亦會保持平穩發展。

面對增長放緩的美國市場，本集團的策略是保持產品質素及與現有客戶維持友好關係。本集團亦會積極開拓其他大、中型之DIY(Do It Yourself)連鎖店及燈飾專賣店，不斷研發款式新穎、品味獨特和領導潮流的貨品供不同類型之客戶選擇，以使本集團維持競爭優勢，保持在市場的領導地位。

Interim Report

Canadian Market

Contaminated by the weak economic situation of its neighboring country, Canada continued to suffer from an economic slowdown along with a decline in purchasing power. During the period under review, turnover derived from the Canadian market amounted to HK\$3,300,000, a decrease of 59% as compared to the same period in last year. Besides aggressively looking for new clients, the Group will also change its sales strategy to develop more high quality but economical products with a hope to capture more market share in the Canadian market.

European Market

To sustain a high growth rate, the Group is putting much effort in expanding the overseas markets in addition to the US and Canadian markets, with Europe and Japan achieving satisfactory results. During the first half of the year, turnover derived from the European market amounted to HK\$7,200,000, accounting for 3.34% of the Group's total turnover. Concerning the European market, the Group decided to strategically restructure the business. It will switch the focus from developing high to middle end products to commence sales of lighting products targeted at the mass market so as to increase the turnover rate to maintain a satisfactory profit margin.

Japanese Market

During the period under review, the Group achieved a better rate of growth in the Japanese market than the one expected. The Group's turnover in the Japanese market amounted to HK\$7,300,000, an increase of 77% over the corresponding period of last year and contributed to 3.36% of the Group's total turnover. The Group is confident of having accurately captured the purchasing pattern and taste of Japanese consumers. The Group will continue to strengthen relationships with its business partners, develop new products and expand market share. It is highly anticipated that the Japanese market will become a significant revenue contributor for the Group in the near future.

加拿大市場

加拿大經濟受鄰國疲弱經濟影響，增長持續放緩，消費力下降。回顧期內，本集團於加拿大市場的銷售額約三百三十萬港元，較去年同期減少百分之五十九。本集團除積極尋找新的客戶外，並會轉變銷售策略，開發更多質優價廉之產品，希望在加拿大爭取更大的市場佔有率。

歐洲市場

為維持業務的高增長率，本集團積極開拓美加以外的海外市場，而歐洲和日本市場亦漸見成績。二零零一年上半年，本集團在歐洲市場的營業額達七百二十萬港元，佔本集團總營業額的百分之三點三四。面對歐洲市場，本集團作出了策略上的調整，由以往主力發展中、高檔次產品，改變為開售迎合大眾市場的照明產品，務求令銷售額增長，維持合理的盈利水平。

日本市場

回顧期內，本集團在日本市場取得比預期較可觀的增長。本集團在日本市場的營業額達七百三十萬港元，較去年同期增長百分之七十七，佔本集團總營業額的百分之三點三六。本集團相信已準確地掌握了日本市場的消費模式及日本顧客的品味。本集團會繼續加強與現有合作伙伴的關係，共同開發新產品，不斷提高市場佔有率，本集團深信在不久之將來日本市場會成為本集團一個重要收入來源。

中期業績報告

New Products

The Group takes pride in its innovative and experienced research and development team as they can accurately pinpoint the needs and styles of specific markets to develop new designs and customized lighting products for consumers. Designers from PRC, Taiwan and US produced a total of 170 products of different styles and class in the first quarter of 2001, and among which 41 products, or 24% of the new products, received immediate orders and encouraging response.

Commercial Lighting

As an effort to further expand business development, the Group began to develop commercial lighting products at the end of 2000 to target the domestic market of the PRC. For the first half of the year, turnover for commercial lighting products amounted to approximately HK\$5,800,000. With more than 10 projects in negotiation, the rate of development meets expectations of the Group.

Commercial lighting business is currently in its investment stage. Since projects for commercial lighting are comparatively larger in scale, profit margins are also higher as compared to home lighting. Coupled with the speedy development of PRC's economy, the potential for development is enormous. The Group is very optimistic of the business prospects, with a hope that it will bring better profit for the Group.

PROSPECT

Diversified Development

The economic slowdown in the US will affect the Group to a certain extent. It is highly anticipated that the numerous deduction of interest rate implemented by the US Federal Reserve will reflect a positive rebound by the fourth quarter of this year to resuscitate the economic situation of US and the rest of the world. Regarding its future prospects, the Group will speed up the process of diversifying its development with the priority in strengthening the enormous domestic market of the PRC. On the other hand, the Group will also focus on the European and Japanese markets, to continuously seek for new clients and to better serve its existing clients. In addition to maintaining its goal of developing middle to high end artistic lighting products, the Group will also develop the middle end, simple and family oriented products targeted at the mass market so as to expand its market share.

新產品

本集團對擁有具創意和經驗的設計研發部門感到自豪，該部門能準確地針對各地區的市場需要及特質，開發款式新穎及切合消費者品味的照明產品。本集團來自中國、臺灣及美國的設計師，僅在今年第一季度共開發不同檔次的新產品共170款，其中立即接獲訂單的有41款，佔新產品開發量的百分之二十四，成績理想。

商業照明

為進一步擴展業務層面，本集團於去年底，開始發展商業照明產品，先攻中國內銷市場。在今年上半年度，商業照明產品的營業額約為五百八十萬港元，而且有十多個工程項目在洽談中，發展進度達到本集團之預期水平。

商業照明業務現屬於投資開拓階段。由於商業照明的工程一般屬較大規模，毛利率亦較住宅照明為高，而且隨著中國經濟迅速發展，該業務具龐大的發展潛力，本集團對此類業務前景充滿信心，期望能為本集團帶來可觀的利潤。

展望

多元化發展

美國經濟放緩，對本集團構成一定影響。美國聯邦儲備局多次減息行動，有關經濟效益可望在第四季反映，對美國及全球各地之經濟帶來生機。展望未來，本集團將加快多元化發展步伐，首先是強化龐大的中國內銷市場；另一方面，本集團亦會關注歐洲和日本市場，不斷開拓新客戶及對現有客戶提供更優質服務。除保持既定目標，開發中、高檔次之藝術照明燈飾外，本集團亦會發展中檔而簡單之家庭暢銷產品，冀能迎合廣大市場，爭取更高的市場佔有率。

Interim Report

At the same time, the Group will restructure the sales network and product combination for the US market. Due to the slowdown of the US market, the desire to spend and purchase goods declined. However, sentiments towards the middle end products, especially on the DIY products, remained unaffected. The Group will strengthen its research and development of DIY products to strive for business opportunities amongst different economic environments.

Commercial Lighting

Currently in the investment stage, the business development of commercial lighting is accelerating at a satisfactory pace. The Group is very optimistic of the prospect of this business and the PRC market. Commercial lighting targets mostly the construction industry and large construction projects, in order to capture the rising opportunities from the “Go West Project” implemented by the PRC government and Beijing as the host of the Olympics 2008. As a result, the PRC government and other developers will speed up construction activities to improve and expand the market. With its expertise, innovative designs and technical know-how, the Group is ready to establish a strong foothold in the market. The higher profit margin from the commercial lighting business will also contribute to a significant increase in profit when the business becomes steadier.

Marketing and Promotion

The Group pays much attention in marketing and promotions by grasping the market situation, understanding clients' needs and following with market trends. During the period under review, the Group participated in a lighting show held in Frankfurt, Germany in April, and two lighting shows in May held in Milan of Italy and Taipei of Taiwan respectively. The Group also plans to participate in a Hong Kong lighting show and other furniture shows held in the US. The Group routinely distributes a product list to promote its new products to the clients, as well as inviting new and existing clients for site visits and to purchase new products. Moreover, the Group will even arrange for sales representatives to visit customers as an effort to improve customer relationships and to expand customer base.

與此同時，本集團亦會調整美國市場的銷售網和產品組合。由於美國經濟增長放緩，消費意欲下降，但市場對中檔次產品，尤其是DIY產品的需求未受影響。本集團將加強DIY產品的研發，務求在不同經濟環境中爭取最大的商機。

商業照明

商業照明現仍處於投資期，業務發展進度合符預期，本集團對商業照明業務和中國市場均充滿信心。商業照明的銷售對象主要為基建及大型建築項目，以抓緊中國政府「開發大西北」政策以及北京成功申辦2008年奧運所帶來的商機。基於上述原因，中國政府及其他發展商將加快基建和建築工程項目，以改善及發展市場。本集團憑著其專業人材，具創意的設計及生產技術，可望在此市場建立一穩固地位。由於商業照明業務之毛利率較高，待此業務進入軌道後，可為本集團業績帶來突破性增長。

推廣及宣傳

本集團積極進行市場推廣，包括掌握市場行情，了解客戶所需，緊貼市場潮流。回顧期內，本集團於四月份參加了在德國法蘭克福舉行之燈展、於五月份分別參加了在意大利米蘭及臺灣臺北舉行之燈展，並計劃參加在香港舉行的燈展及參加一些在美國舉辦的傢俬展；此外本集團定期向客戶派發產品目錄以推介新產品，更邀請新舊客戶來廠參觀及選購新產品。另外還安排市場營銷人員拜訪客戶，以達到雙向溝通與了解，擴大及穩固客源。

中期業績報告

Incorporating innovation, integrity, harmony and appreciation in its business philosophy, the Group has maintained an air of confidence within the players in the industry to remain strong and sturdy. The Group has efficiently and effectively selected a path for its business expansion so as to maximize the room for development. The Group is highly optimistic of a successful performance for the remaining half of the year and to bring fruitful returns to the Company's shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flow. At 30 June 2001, the Group had cash and bank balances of a total amount of HK\$130 million and net current assets of HK\$131 million. The Group has consistently maintained a strong working capital during the Period. At 30 June 2001, the Group had no outstanding borrowings. As a whole, the Group's financial status is very healthy, which provides a strong base for the Group's future development.

EMPLOYEE REMUNERATION POLICY

At 30 June 2001, the Group has approximately 1,360 (at 31 December 2000: approximately 1,220) employees. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment and year end performance bonus to reward and motivate individual performance.

本集團一貫秉承創新、誠信、和諧和感恩的經營理念，在同業中保持嚴格自強的狀況，屹立不倒。本集團已制定有效而穩健的業務拓展策略，以盡量擴展其發展空間，本集團很有信心於下半年度取得理想業績，為本公司股東帶來美好的回報。

流動資產及財務資源

本集團一般以內部衍生之現金流量撥付營運所需。於二零零一年六月三十日，本集團的現金金額及銀行結餘合共130,000,000港元，流動資產淨額為131,000,000港元。本集團於本期一直保持充裕的營運資金。於二零零一年六月三十日，本集團並無未償還借款。整體而言，本集團的財務狀況相當穩健，對本集團未來發展提供一強健基礎。

僱員薪酬政策

於二零零一年六月三十日，本集團旗下員工共約1,360人（於二零零零年十二月三十一日：約1,220人）。員工薪酬乃按工作性質和市況而制定，並於每年增薪評估內設有表現評估部分及年終獎金，以獎勵及推動個人工作表現。