

CHAIRMAN'S STATEMENT

主席報告書

I am pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2003.

RESULTS

For the year under review, the Group recorded its turnover of HK\$38,092,000 (2002 : HK\$47,408,000) representing a decrease of 20% and its net profit attributable to shareholders of approximately HK\$37,432,000 as compared to a loss of approximately HK\$59,284,000 in 2002. The profit was mainly contributed by the gain of debt restructuring of HK\$77,031,000.

BUSINESS OVERVIEW

During the year, the Group has successfully implemented the debt restructuring which gave the Group significant improvement to its capital base and restored the on-going support from our business partners for daily operation. In view of the global economy persisted to shrink by deflation, terrorists' attacks and in particular the Iraq war, the overall sales performance fell below the Group's expectation. In order to maintain our product's competitiveness and to reduce the operating expenses, we have implemented various marketing strategies such as early bird program, adopting new pricing policy and scaling down the production.

With the uncertainties about the global economy and shrinkage in toys demand, most of our customers were pessimistic and cautious in their buying patterns as compared to previous year. This caused a decrease in our turnover generated from most of the major geographical regions.

With the Iraq war, heavy price fluctuations occurred in the by-products of petroleum such as plastic material, one of our primary raw materials utilized for the Group's manufacturing operations, especially for our core product item - toddler cars. This in turn caused a rise to the cost of our products and affected our new pricing policy.

The prolonged adverse effect from terrorists' attacks and labour strike in the harbour terminals of the United States led to the cancellation and postponement of certain orders so that the Group

本人欣然公佈本公司及其附屬公司(「本集團」)截至二零零三年三月三十一日止年度之經審核綜合業績。

業績

於回顧年度內，本集團錄得營業額38,092,000港元(二零零二年：47,408,000港元)，跌幅為20%，而股東應佔溢利淨額約為37,432,000港元，二零零二年則為虧損約59,284,000港元。本年度錄得溢利，主要源自債務重組取得收益77,031,000港元。

業務概況

本集團年內成功實行債務重組，令本集團能夠大幅改善其資本基礎，重拾業務夥伴對其日常運作之支持。鑑於受到通縮及恐怖襲擊，特別是美伊戰事所影響，全球經濟一蹶不振，整體銷售表現較本集團預期遜色。為了維持本集團產品之競爭力，同時削減營運開支，本集團實施多項市場推廣策略，例如優先特惠計劃、採納新價格政策及減產等。

由於全球經濟前景尚未明朗，市場對玩具之需求下降，本集團大部份客戶在訂購貨品時較去年更步步為營，導致本集團在大部份主要地區之營業額均告下跌。

美伊戰事令塑膠材料等石油副產品之價格大幅波動，而塑膠材料乃本集團製造業務所需主要原料之一，特別是本集團之核心產品學行車系列，因而導致本集團產品之成本上升及影響本集團之新價格政策。

恐怖襲擊及美國海岸貨櫃工潮之陰霾遲遲未散，導致客戶取消及押後部份訂單，令本集團被逼於二零零二年底開始減產，以削減固定營運開支。與此同

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had scaled down its production to reduce its fixed operating expenses in late 2002. At the same time, an effective internal control system has been implemented by the Group to streamline its operation process with an aim to increasing its production efficiency.

In order to ensure the Group places itself in more promising future, the management has taken several measures to manage the business of the Group through reduction of fixed operating and administrative expenses, cost control, establishment of a product design department in Hong Kong office together with the recruitment of well experienced sales and marketing staff to assist in formulating its sales strategies.

PROSPECTUS

The management believes that during the global recession and the downturn in toy's industries, it is appropriate for the Group to re-engineer its production capacity, to reset its sales and marketing strategies, to review its long term mission and to penetrate its products into new markets. The Group will continue to focus on enhancing its ODM products and expanding its business into key markets. In the forthcoming recovery of the global economy, the Group can ride on the upswings to achieve the long term growth.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to my fellow directors and all our staff members of the Group for their dedication towards the Group throughout the year. I would also like to take this opportunity to express my appreciation to all our shareholders for their continuous support to the Group.

Lo Ming Chi, Charles
Chairman

Hong Kong
24 July 2003

時，本集團亦實施有效之內部控制系統，精簡營運過程，務求提升生產效率。

為確保本集團能邁向更光明之未來，管理層已採取多項措施，削減固定營運及行政開支，致力控制成本，在香港設立產品設計部門，並招聘資深之銷售及市場推廣人員協助制訂銷售策略，藉此有效管理本集團之業務。

展望

管理層相信，在全球經濟持續衰退及玩具業呈疲弱之情形下，本集團應致力重整生產力，重訂銷售及市場推廣策略，檢討長遠目標，將產品打入新市場，方為上策。本集團將繼續專注提升原設計製造產品之質素，並努力將業務拓展至主要市場。待全球經濟復甦之時，本集團便能借助有利時機，爭取長期增長。

致謝

本人謹此代表董事會，向董事同仝及本集團全體員工致以由衷謝意，感謝彼等年內一直竭誠盡力為本集團服務。本人亦藉此機會，感謝全體股東一直以來對本集團全力支持。

主席
勞明智

香港
二零零三年七月二十四日