

For the year ended 31 March 2004, the Group's sales turnover increased by 8% to HK\$833,427,000 (2003: HK\$769,638,000) and consolidated net profit decreased by 18% to HK\$45,890,000 (2003: HK\$56,212,000). Basic earnings per share of the Group for the year ended 31 March 2004 was HK13.7 cents (2003: HK16.8 cents).

As the Directors considered that the existing cash balances and future cash flows will be sufficient to meet the Group's foreseeable capital and operating needs, the Directors recommend to increase the dividend to earnings ratio to the payment of a final dividend of HK6 cents per share for the year ended 31 March 2004. Together with the interim dividend of HK2 cents per share paid in January 2004, the total dividends for the year ended 31 March 2004 will be HK8 cents per share (2003: HK8 cents)

BUSINESS REVIEW

The Group's core business lies in product categories of household appliances and personal care products. Turnover of household appliances increased by 8% to HK\$600,832,000 representing 72% of the Group's turnover. Turnover of personal care products increased by 8% to HK\$232,595,000 representing 28% of the Group's turnover.

Geographically, turnover to Europe increased by 8% to HK\$423,525,000 representing 51% of the Group's turnover. Turnover to America decreased by 3% to HK\$269,131,000 representing 32% of the Group's turnover. Turnover to Asia and other markets increased by 39% to HK\$140,771,000 representing 17% of the Group's turnover.

Gross profit margin dropped from 23% to 20% while operating profit margin dropped from 9% to 6% to turnover. The Group's distribution costs were HK\$33,329,000 (2003: HK\$29,052,000) maintaining at 4% to turnover. The Group's administration expenses increased by 1% from HK\$81,776,000

截至二零零四年三月三十一日止年度，本集團之銷售營業額增加8%至833,427,000港元(二零零三年：769,638,000港元)，綜合純利減少18%至45,890,000港元(二零零三年：56,212,000港元)。本集團截至二零零四年三月三十一日止年度之每股基本盈利為13.7港仙(二零零三年：16.8港仙)。

由於董事會認為現有現金結餘及未來現金流量將足以應付本集團於可見將來之資本及營運所需，故董事會建議提高股息對盈利比率，派付截至二零零四年三月三十一日止年度之末期股息每股6港仙。連同已於二零零四年一月派付之中期股息每股2港仙，截至二零零四年三月三十一日止年度之股息總額將為每股8港仙(二零零三年：8港仙)。

業務回顧

本集團之核心業務為家電產品及個人護理產品。家電產品營業額增加8%至600,832,000港元，佔本集團營業額72%。個人護理產品營業額增加8%至232,595,000港元，佔本集團營業額28%。

以地區劃分而言，歐洲業務之營業額增加8%至423,525,000港元，佔本集團營業額51%。美洲業務的營業額減少3%至269,131,000港元，佔本集團營業額32%。亞洲及其他市場業務營業額增加39%至140,771,000港元，佔本集團營業額17%。

毛利率由23%下跌至20%，經營溢利則由佔營業額之9%下降至6%。本集團之分銷成本為33,329,000港元(二零零三年：29,052,000港元)，維持於營業額4%之水平。本集團之行政開支由81,776,000港元

to HK\$82,737,000. Net profit after tax for the year dropped from 7% to 6% to turnover. The major reason for the drop in margins lies twofold. Firstly, raw material prices have been escalating starting from the beginning of 2003/04 financial year. Prices for major raw material components have increased significantly. Secondly, the pricing pressure from customers continued throughout the financial year.

The outbreak of SARS in Hong Kong and PRC has not affected the Group's operations significantly. During the outbreak, preventive measures were implemented in our Hong Kong office and PRC factories. None of our employees was infected and the operation of the Hong Kong office and PRC factories ran smoothly during the SARS period.

During the year, a new factory block in the PRC was constructed and commenced operation in the 3rd quarter of this financial year. The added capacity of the new factory block allows us to have a more efficient workflow for the larger size products. The capital expenditure spent for this new block was approximately HK\$30 million.

During the year, new products launched included new versions of Food Processor, Deep Fryer, Blender, Food Steamer, Vegetable Cutter, Juice Extractor, Foot Bath and Bath Spa.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2004, the Group had total assets of HK\$605,712,000 (2003: HK\$543,678,000) which was financed by current liabilities of HK\$138,352,000 (2003: HK\$105,018,000), long-term liabilities and deferred taxation of HK\$25,797,000 (2003: HK\$16,872,000) and shareholders' equity of HK\$441,563,000 (2003: HK\$421,788,000).

At the end of the financial year, the Group maintained a strong balance sheet and a healthy liquidity position. As at 31 March 2004, the Group had bank deposit and cash balance of HK\$154,749,000 (2003: HK\$178,702,000) most of which was

增至82,737,000港元，增加1%。年內之除稅後溢利淨額由佔營業額7%減至6%，主要原因來自兩方面：首先，自踏入2003/04財政年度以來，原材料價格不斷攀升，主要原材料元件之價格大幅上升。此外，於本財政年度來自客戶之削價壓力絲毫無減。

香港及中國爆發的非典型肺炎對本集團之業務營運並未構成重大影響。在疫症爆發期間，本集團在香港辦事處及中國廠房實施預防措施。幸然本集團僱員概無受到感染，而香港辦事處及中國廠房於非典型肺炎爆發期間亦運作順利。

於年內，本集團在國內之新廠房落成並於本財政年度第三季度投產。新廠房之新增產能讓集團可更從容及更有效率地處理大型產品之生產工序。本集團為此新廠房投入約3千萬港元之資本開支。

年內，新推出之產品包括新型號之食物處理器、電炸鍋、攪拌器、電蒸鍋、切菜機、榨汁器、足浴器及水力按摩器。

流動資金及財務資源

於二零零四年三月三十一日，本集團之總資產為605,712,000港元（二零零三年：543,678,000港元），資金來源包括流動負債138,352,000港元（二零零三年：105,018,000港元）、長期負債及遞延稅項25,797,000港元（二零零三年：16,872,000港元）及股東權益441,563,000港元（二零零三年：421,788,000港元）。

於本財政年度年結日，本集團具備雄厚資產，流動資金狀況亦相當穩健。於二零零四年三月三十一日，本集團之銀行存款及現金結餘額達154,749,000港元（二零零三

placed in US dollar short term deposits, except for temporary balances held in such non-US currencies as required pending specific payments. As at 31 March 2004, the Group held HK\$63,091,000 (2003: HK\$25,207,000) in held-to-maturity principal guaranteed bonds and funds. For the year ended 31 March 2004, the Group generated net cash inflow from operating activities of HK\$89,339,000. Total borrowings as at 31 March 2004 included bank loans and obligations under finance leases of HK\$10,661,000 (2003: HK\$5,336,000). The gearing ratio (ratio of total borrowings to shareholders' equity) remains low at 2% as at 31 March 2004 (2003: 1%).

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flows. With a strong financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansion of the Group's business operation and future investment opportunities, as and when required.

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars and Renminbi. The Group does not foresee any substantial exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

CAPITAL EXPENDITURES

For the year ended 31 March 2004, the Group invested HK\$58,945,000 (2003: HK\$29,038,000) in factory building, plant and machinery, equipment, computer systems and other tangible assets. The majority of these capital expenditures were funded by internal resources except for some machinery which was funded by bank loans.

年：178,702,000港元)，除持有臨時非美元資金以備支付所需特定付款外，其中大部分已存入短期美元存款戶口。於二零零四年三月三十一日，本集團持有63,091,000港元（二零零三年：25,207,000港元）之持有至到期日之本金保證債券及基金。截至二零零四年三月三十一日止年度，本集團來自經營業務之現金流入淨額為89,339,000港元。於二零零四年三月三十一日之借貸總額包括銀行貸款及融資租賃承擔10,661,000港元（二零零三年：5,336,000港元）。於二零零四年三月三十一日，資本負債比率（借貸總額除以股東權益之數）為2%（二零零三年：1%），持續保持在低水平。

就日常營運所需之營運資金及資本開支而言，資金來源為內部流動現金。本集團之財政狀況穩健，連同備用銀行信貸，定能提供充裕財務資源，以便於有需要時，應付現有承擔、營運資金需要，並供本集團進一步擴展業務及掌握未來投資商機所需。

本集團之交易主要以美元、港元及人民幣計價。基於本集團認為不會面對重大匯價變動風險，故並無考慮使用財務工具對沖匯率變動。

資本開支

截至二零零四年三月三十一日止年度，本集團在廠房、機器、設備、電腦系統及其他有形資產投資58,945,000港元（二零零三年：29,038,000港元）。資本開支大多由內部資源撥付，而部份機器則以銀行貸款撥資購入。

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employed approximately 5,500 employees, an increase of 700 from the previous year. The majority of our employees work in the PRC. The Group remunerates our employees based on their performances, experiences and prevailing market rates while performance bonuses are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

PROSPECTS

Looking forward, the Group is cautiously optimistic of the market situation in the coming year.

Although the rising trend of raw material prices seemed to have settled down for the moment, we do not foresee the raw material prices to drop back down in the near future. The Group will find alternative sources to mitigate the impact of the raw material price increases. However, the Group would take great care and consideration to ensure that the quality level of our products would not be affected as product quality is one of the key anchors to our business.

We expect our strong sales turnover to the European market to continue as the European customers follow the US pattern of switching from own-manufacturing to sourcing more products from Hong Kong and the PRC.

We are currently working on several new versions of Food Processor, Deep Fryer, Food Steamer, Blender, Knife, Juice Extractor, Electric Shower, Bath Spa and Foot Bath.

僱員及薪酬政策

本集團現聘用約5,500名僱員，較去年增加700名。大部分僱員於國內工作。本集團按照僱員之表現、經驗及當前市場水平釐定僱員薪酬，績效花紅則由本集團酌情授出。本集團亦會於達致若干指定目標而視乎個人表現向僱員授予購股權。

展望

展望未來，本集團對來年之市況持審慎樂觀之看法。

雖然原材料價格之上升勢頭看似稍稍竭止，惟本集團預計，原材料價格難望在短期內回落。本集團將致力發掘其他原材料供應作代替，以減輕原材料價格上升之影響。由於產品質素是集團業務之重要基石之一，故本集團將謹慎行事，確保產品質素絕不會因而受到影響。

有見歐洲客戶正跟隨美國市場之模式，減少自行製造並透過向中港兩地採購更多產品來代替，故本集團預期歐洲業務之銷售營業額可保持強勁。

本集團現正銳意開發多款新型號之食物處理器、電炸鍋、電蒸鍋、攪伴器、電刀、榨汁器、電熱水爐、水力按摩器及足浴器。

The key anchors for our business lies in:

- new product development services for our customers
- manufacturing know-how and operating efficiencies
- product quality
- long-term relationship with our customers
- strong and stable financial position
- stringent cost control
- commitment to focus in core business

Under the above solid fundamentals, we are confident to meet the challenges lying ahead and will continue to perform under difficult business conditions and is well-positioned to capture any business opportunity as it arises.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our employees, shareholders and business associates for their contribution and support throughout the year.

On behalf of the Board

Cheung Lun
Chairman

Hong Kong, 6 July 2004

集團業務建基於以下支柱：

- 為客戶提供新產品開發服務
- 製造工序之技術訣竅及營運效率
- 產品質素
- 與客戶之長遠關係
- 雄厚、穩固之財政狀況
- 嚴控成本
- 固守本業，全力以赴

得力於上述種種穩健之基本因素，本集團有信心應付未來挑戰，並將繼續致力在逆境下締造佳績，把握每個寶貴商機。

致謝

本人謹藉此機會代表董事會衷心感謝各員工、股東及業務夥伴年內之貢獻及支持。

承董事會命

張倫
主席

香港，二零零四年七月六日