

Chairman's Statement 主席報告

Electronic Toys



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Capital Prosper Limited (the "Company"), I herewith present the annual report of the Company and together with its subsidiaries (the "Group") for the financial year ended 31 December 2004.

RESULTS

During the year, the Group has focused on the business of trading, marketing and manufacturing of toys (including electronic toys and plastic toys), gifts, premium and electronic products as mentioned in the 2004 interim report of the Company. The financial performance of the Group has been continuously improved. During this financial year the Company has recorded minimal operation loss of the Group in the amount of approximately HK\$193,000. However, due to the loss on the disposal of subsidiaries, the Group still has recorded net loss in the amount of approximately HK\$6,128,000 for the year ended 31 December 2004.

The Group has been successfully passed the transitional period of re-focusing on its core business. The performance of the recently acquired subsidiaries has not yet truly reflected in the final results of this financial year in view of such short period of time being part of the Group and the different level of customers' demand due to seasonality factors. However, we are confident that the financial position will be significantly strengthened by the contribution from these subsidiaries and net profit of the Group should be generated and achieved in the forthcoming years.

DIVIDEND

No interim dividend was paid for the year 2004. The Board does not recommend any payment of final dividend for the year ended 31 December 2004.

Business Review

Trading and marketing of toys, gifts and premiums

Regarding trading and marketing business, the Group has penetrated into Japan, Mainland China, American and European markets. Yanyan Force Limited ("Yanyan Force") and New Challenge Limited ("New Challenge") are the major subsidiaries of the Group for the



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本人謹代表興旺行有限公司(「本公司」)之董事會(「董事會」)提呈本公司及其附屬公司(「本集團」)截至二零零四年十二月三十一日止財政年度之年報。

業績

於本年度，誠如本公司於二零零四年中期報告中提及，本集團專注於玩具(包括電子玩具及塑膠玩具)、禮品、贈品及電子產品之貿易、營銷及製造等業務。本集團之財務表現已獲得不斷改善。於本財政年度，本公司錄得之集團經營虧損極微，約為港幣193,000元。然而，由於出售虧損附屬公司產生虧損，截至二零零四年十二月三十一日止年度，本集團仍錄得虧損淨額約港幣6,128,000元。



本集團已順利通過重新專注核心業務之過渡期。由於新收購附屬公司入本集團時間短暫及客戶需求受到季節因素影響，故此本集團之本財政年度末期業績尚未實際反映該等新近收購之附屬公司之業績。然而本集團深信，自該等附屬公司所得貢獻將大大加強集團財務狀況，而本集團將於未來年間取得純利。

股息

二零零四年度並無派發中期股息。董事會不建議就截至二零零四年十二月三十一日止年度派付末期股息。

業務回顧

玩具、禮品、贈品之貿易及銷售

貿易及營銷業務方面，本集團已進軍日本、中國內地、美國及歐洲市場。欣科有限公司(「欣科」)及利志有限公司(「利志」)為本集團主要發展玩具、禮品、贈品貿易及銷售之附屬公司。欣科主攻

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Hong Ke Manufacturing Plant 宏科廠房

development of trading and marketing toys, gifts and premiums. Yanyan Force focuses on the market in Asian Pacific Region while New Challenge concentrates on expansion its market share in American and Europe.

Yanyan Force has generated turnover approximately HK\$98 million representing approximately 59% of the turnover of the Group. The performance of New Challenge, which became a subsidiary of the Group on 30 September 2004, has generated turnover approximately HK\$16 million, representing approximately 9.7% turnover of the Group.

Manufacturing of consumer goods

The Group's expansion strategy is through horizontal and vertical integration. The first manufacturing plant ("Hong Ke Manufacturing Plant") was established in Bolou, Huizhou in Mainland China and started operation in the fourth quarter of 2004. The plant manufactures consumer goods including electronic toys, plastic toys and electronic products.

亞太地區，而利志則集中擴展其美國及歐洲之市場佔有率。

欣科之營業額約為港幣98,000,000元，約佔本集團營業額之59%。利志(二零零四年九月三十日成為本集團之附屬公司)之營業額約為港幣16,000,000元，約佔本集團營業額之9.7%。

消費產品製造

本集團之擴展策略為橫向及縱向整合開拓。第一所製造工場(「宏科廠房」)建於中國內地惠州市博羅縣，並在二零零四第四季開始運作。工場生產之消費物品包括電子玩具、塑膠玩具及電子產品。

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A piece of land of 24,221 square meters located at Bolou, Huizhou in Mainland China was acquired on 30 September 2004. Hong Ke Manufacturing Plant and ancillary offices and dormitory were then erected on the land ("Hong Ke Land") (as disclosed in the Company's circular dated 31 August 2004).

On 22 December 2004, the Group further acquired a land use right, buildings and ancillary facilities erected thereon. This piece of land of 29,980 square meters located at Boluo, Huizhou in Mainland China is just right next to Hong Ke Land (as disclosed in the Company's circular dated 20 January 2005). The acquisition was completed on 4 March 2005. This land acquisition, together with the Hong Ke Land then integrate into a sizeable piece of land with a total area of approximately 54,201 square meters. We strongly believe that such integration will definitely expand the scale of production and also substantially minimize the respective production cost.

Trading of electronic components

Following the corporate growth strategy of the Group through vertical expansion, a joint venture company, namely Thunder Force Limited ("**Thunder Force**") was established in March 2004. Its principal business is trading of IC components. Thunder Force would be a sourcing company of the Group as IC components are parts of electronic toys. Apart from trading activities, Thunder Force also establishes an IC Design House in Shenzhen to provide tailored made services to its customers on product design and create different kinds of features of IC products. At as 31 December 2004, Thunder Force has made a net profit of approximately HK\$530,000.

Printing business

During the year, the Group further expands and engages into printing business by acquiring Maple Printing Co., Limited. It is believed that the Group will be benefit from such vertical integration.



Hong Ke Production Line 宏科生產線

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於二零零四年九月三十日，本公司收購一幅位於中國惠州市博羅縣面積為24,221平方米之土地。宏科廠房及附屬辦公樓及宿舍便設於該幅土地上（「宏科地」）（見本公司於二零零四年八月三十一日刊發之通函披露）。

於二零零四年十二月二十二日，本集團進一步收購一項土地使用權，以及建於該土地之大廈及附屬設施。此土地面積為29,980平方米，位於中國廣東省惠州市博羅縣，緊貼於宏科地側（見本公司於二零零五年一月二十日刊發之通函披露）。是次收購在二零零五年三月四日完成。該幅新近收購之土地與宏科地當時已整合成為一大面積共約54,201平方米之土地。本公司深信，此項整合定可擴展生產規模並把有關生產成本減至近乎最低水平。

電子元件貿易

透過縱向整合實行本集團之企業增長策略，已於二零零四年三月成立一家名為迅雷科時有限公司（「**迅雷**」）之合營公司。其主要業務為集成電路元件貿易。由於集成電路元件乃是電子玩具之零件，迅雷將成為本集團之採購公司。除述貿易業務外，迅雷亦於深圳成立一間集成電路設計公司，為顧客提供度身訂造之產品設計服務，以及為集成電路產品創設各種不同特色。截至二零零四年十二月三十一日，迅雷已獲得約港幣530,000元之邊際純利。

印刷業務

於本年度，本集團收購峰林印刷有限公司，進一步擴展及參與印刷業務。本公司相信，本集團將自縱向整合中獲益。



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Prospects

Economy of Mainland China has been continuously blooming during the recent years. Inflation persists along with the rapid economy growth. However, the labour cost in Mainland China is still comparatively lower than those in HKSAR. In order to have more effective cost control, the Group's production base still remain to be orientated in Mainland China.

Currently, the Group owns a piece of land of 145,395.67 square meters situated at Yuan Zhou Zhen Jiu Tan Da Dao in PRC. The Board proposes the land to be developed as "Sky Union Industrial Zone". In addition, the Group will purchase additional new machinery to increase productivity and further enhance the operational efficiency. Furthermore, the management team of the Group will conduct periodical review to ensure there is simulation of production and logistic process.

In addition, the Group will devote its efforts to design its own innovative products and to create its own brand name products. To capture new business opportunities and to diversify the range of products, establishment of new licensing business will also be one of the Group's business development strategies of the coming year.

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展望

中國國內之經濟在過去數年持續蓬勃。快速經濟增長帶動通貨膨脹持續。國內勞工成本比香港特別行政區為低，為更有效控制成本效益，本集團仍將以國內為生產基地。

現時本集團在中國擁有一幅位於園州鎮九潭大道約145,395.67平方米之土地。董事會建議將該土地發展為「天源工業園」。此外，本集團將會購買額外之機器，以增加生產力及進一步改善營運效率。再者，本集團管理層將進行定期回顧，確保可刺激生產及後勤工序。

另外，本集團將致力於名下產品之創新設計及發展自身品牌產品。為掌握新業務機遇及令產品更多元化，本集團亦會將建立新特許業務納入來年業務發展策略之內。



Development plan of "Sky Union Industrial Zone" 天源工業園建設藍圖

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With increasing production capacity and a more diversified product portfolio, the Group is confident to capture the immense opportunities ahead and achieve even better results.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank my fellow Directors and our staff for their valuable contribution and dedication. I would also like to express our gratitude to our suppliers, customers, bankers, business associates, investors and shareholders for their continuous and dedicated support.

Leung Wai Ho

Chairman

Hong Kong, 25 April, 2005

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憑藉產能不斷增加及趨向多元化之產品組合，本集團深信可於未來把握龐大商機，令業績更上一層樓。

致謝

本人謹代表董事會就各董事及員工之寶貴貢獻及努力不懈致以衷心感謝。本人亦謹此多謝各供應商、客戶、往來銀行、業務夥伴、投資者及股東一直以來之鼎力支持。

主席

梁蔚豪

香港，二零零五年四月二十五日

