

For the year ended 31 March 2005, the Group's sales turnover decreased by 5% to HK\$793,435,000 (2004: HK\$833,427,000) and the consolidated net profit decreased by 23% to HK\$35,325,000 (2004: HK\$45,890,000). Basic earnings per share of the Group for the year ended 31 March 2005 was HK10.5 cents (2004: HK13.7 cents). The Board of Directors have resolved to recommend at the forthcoming annual general meeting the payment of a final dividend of HK6 cents (2004: HK6 cents) per share for the year ended 31 March 2005. Together with the interim dividend of HK2 cents per share paid in January this year, the total dividend for the year ended 31 March 2005 will be HK8 cents per share (2004: HK8 cents).

BUSINESS REVIEW

The Group manufactures a wide range of household electrical products. Geographically, turnover to Europe decreased by 10% to HK\$381,568,000 representing 48% of the Group's turnover. Turnover to America decreased by 14% to HK\$230,828,000 representing 29% of the Group's turnover. Turnover to Asia and other markets increased by 29% to HK\$181,039,000 representing 23% of the Group's turnover.

The financial year ended 31 March 2005 has been a difficult year for the Group. Business environment remained tough and competitive over the past year. The continuing escalation in oil and raw material prices coupled with the shortage in electricity and labour in southern China have affected the Group's profit margin negatively.

截至二零零五年三月三十一日止年度，本集團之銷售營業額下跌5%至793,435,000港元(二零零四年：833,427,000港元)，綜合純利減少23%至35,325,000港元(二零零四年：45,890,000港元)。本集團截至二零零五年三月三十一日止年度之每股基本盈利為10.5港仙(二零零四年：13.7港仙)。董事會議決於來屆股東週年大會上派發截至二零零五年三月三十一日止年度之末期股息每股6港仙(二零零四年：6港仙)。連同已於二零零五年一月派付之中期股息每股2港仙，截至二零零五年三月三十一日止年度之股息總額將為每股8港仙(二零零四年：8港仙)。

業務回顧

本集團生產多款家用電器產品。就地區劃分而言，歐洲業務之營業額下跌10%至381,568,000港元，佔本集團營業額48%。美洲業務之營業額亦下跌14%至230,828,000港元，佔本集團營業額29%。而亞洲及其他市場業務之營業額則上升29%至181,039,000港元，佔本集團營業額23%。

截至二零零五年三月三十一日止財政年度是本集團艱鉅之年。過往一年，營商環境仍然嚴峻，競爭依舊激烈。油價及原材料價格持續攀升，加上華南地區電力及人手短缺，均對本集團之毛利造成負面影響。

BUSINESS REVIEW (continued)

Gross profit margin dropped from 20% to 18%. The persistent increase in raw material costs eroded our profit margin severely over the year. Prices for plastic resin, sheet metal and packaging materials have all increased significantly. The labour shortage in southern China and the surge in wages also put extra pressure on the Group's production costs and further cut into our profit margin. Over the year, the shortage of electricity supply and the increase in petroleum oil prices affected our operating efficiencies negatively. However, due to the tough and highly competitive business environment that the Group was exposed to, we were only able to pass on part of these cost increase to customers.

After tax net profit margin decreased from 6% to 4%. With the stringent cost control program in place, we are able to control the Distribution and Administrative expenses to avoid further erosion in the net profit. Distribution costs improved from 4% to 3% to turnover. Administrative expenses decreased slightly to HK\$81,237,000 remaining at 10% to turnover. Investment income increased by HK\$1,325,000 to HK\$5,703,000.

During the year, new products launched included new versions of Bath Spa, Blender, Deep Fryer, Electric Knife, Electric Shower, Food Processor, Foot Spa, Juice Extractor, Rechargeable Vacuum Cleaner and Vegetable Cutter.

業務回顧 (續)

毛利率由20%下跌至18%。年內，原材料成本持續上升，大幅削減本集團之利潤。塑膠、五金及包裝物料之價格均大幅上升。而華南地區人手短缺，導致工資急升，亦令本集團之生產成本承受額外壓力，並進一步削減本集團之利潤。年內，電力供應短缺，加上原油價格上升均對本集團之營運效率構成負面影響。然而，鑒於經營環境競爭激烈，本集團只可將上述部分成本加幅轉嫁至客戶。

除稅後純利率由6%下跌至4%。憑藉嚴謹之成本監控計劃，本集團致力控制分銷及行政開支，以避免溢利淨額進一步受挫。分銷成本由佔營業額4%改善至3%。行政開支則輕微下降至81,237,000港元，維持在佔營業額10%之水平。投資收入上升1,325,000港元至5,703,000港元。

年內，新推出之產品包括新型號之水力按摩器、攪拌器、電炸鍋、電刀、電熱水爐、食物處理器、足浴器、榨汁機、充電式吸塵機及切菜機。

PROSPECTS

Looking ahead, the Group believes that the overall business environment would continue to be difficult. The keen competition within the industry continues. We will try to differentiate our products from the competitors by focusing on the development of better designed and sophisticated electrical products in order to remain competitive and to sustain our market share within the industry. We would continue with our tight cost control measures and to increase our production efficiency. We do not expect the raw material costs to drop in the near future. In addition, we expect the shortage in labour supply in southern China to continue. As such, we will continue to increase the degree of semi-automation in our manufacturing to counteract the heavy reliance on labour. We also believe semi-automation would play a vital role in our continual improvement in production efficiency and quality.

In July 2005, we have set up a section for the manufacture of electric kettles using a fully-automated injection moulding facility with 2K (two-component) injection moulding machines, robotic arms and automatic-feeding system. This is an important step for us in moving towards automation in manufacturing which we believe should be the direction to go in the coming years. Hence, we anticipate that the requirement for capital expenditure would increase in the next few years for implementation of automation in our manufacturing facilities.

The Group remains committed to product development and product quality. We strongly believe in product excellence and would continue to keep improving in the technique and know-how in manufacturing the different categories of electrical products.

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

展望

展望未來，本集團相信整體營商環境將繼續艱鉅，業內將繼續有激烈競爭。本集團將致力開發設計更優質及更先進之電器產品，務求令本集團之產品有別於競爭對手，從而保持競爭力及維持於業內之市場佔有率。本集團將繼續實行嚴格之成本控制措施，並進一步提升生產效率。本集團預期，原材料成本不會於短期內回落。此外，本集團預期華南地區人手短缺問題將持續。因此，本集團將繼續提升半自動化生產之比率，以解決過份依賴密集勞工之問題。本集團亦相信，半自動化將於本集團不斷提升生產效率及質素之過程中扮演重要角色。

於二零零五年七月，本集團開設一個專門生產電熱水壺之部門，生產過程使用裝有雙色注塑機、機械臂及自動送料系統之全自動注塑設備。此實為本集團邁向自動化生產之重要一步，而這亦為本集團未來之方向。因此，本集團預期未來數年之資本開支須求將因實行生產設備自動化而有所增加。

本集團將繼續致力產品開發及提升產品質素。本集團深信產品優越性，並將繼續改善不同種類電器產品之生產技術及知識。

本集團現正致力開發新型號之水力按摩器、攪拌器、電炸鍋、食物處理器、足浴器、榨汁機及電熱水壺。

PROSPECTS (continued)

With a strong and stable financial position, long established experience and goodwill, good long-term relationship with our customers, high quality products, improvement on existing products, research and development on new products, effective cost control measures and focus in our core business, the Group is confident to meet the challenges lying ahead and sail through the hard times.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2005, the Group had total assets of HK\$606,816,000 (2004: HK\$605,712,000) which was financed by current liabilities of HK\$134,652,000 (2004: HK\$138,352,000), long-term liabilities and deferred taxation of HK\$21,771,000 (2004: HK\$25,797,000) and shareholders' equity of HK\$450,393,000 (2004: HK\$441,563,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2005, the Group held HK\$171,593,000 (2004: HK\$154,749,000) in cash and bank deposits. They were mainly 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 2005, the investments in held-to-maturity principal guaranteed funds and bonds were HK\$65,779,000 (2004: HK\$63,091,000). For the year ended 31 March 2005, the Group generated net cash inflow from operating activities of HK\$75,051,000 (2004: HK\$89,339,000). As at the same date, total borrowings included bank loans and obligations under finance lease of HK\$8,845,000 (2004: HK\$10,661,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) remained low at 2% (2004: 2%).

展望 (續)

憑藉雄厚穩健之財務狀況、悠久豐富之經驗及商譽、與客戶之長期良好關係，加上高質素之產品、對現有產品進行改進、研究及開發新產品及有效之成本控制措施，並且專注本身之核心業務，本集團有信心應付未來種種挑戰，跨越難關。

流動資金及財務資源

於二零零五年三月三十一日，本集團之總資產為606,816,000港元（二零零四年：605,712,000港元），資金來源包括流動負債134,652,000港元（二零零四年：138,352,000港元）、長期負債及遞延稅項21,771,000港元（二零零四年：25,797,000港元）及股東權益450,393,000港元（二零零四年：441,563,000港元）。

本集團持續保持雄厚資產，流動資金狀況亦相當穩健。於二零零五年三月三十一日，本集團持有171,593,000港元（二零零四年：154,749,000港元）現金及銀行存款。除持有臨時非美元資金以備支付所需特定付款外，其中大部分現金及銀行存款等資金已存入短期美元存款戶口。於二零零五年三月三十一日持有至到期日之保本基金及債券投資為65,779,000港元（二零零四年：63,091,000港元）。截至二零零五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75,051,000港元（二零零四年：89,339,000港元）。於同日，借貸總額（包括銀行貸款及融資租賃承擔）為8,845,000港元（二零零四年：10,661,000港元），而資產負債比率（即借貸總額除以股東權益）為2%（二零零四年：2%），仍保持在低水平。

LIQUIDITY AND FINANCIAL RESOURCES (continued)

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 2005, the Group invested HK\$24,043,000 (2004: HK\$58,945,000) in plant and machinery, equipment, computer systems and other tangible assets. The majority of these capital expenditure were funded by internal resources except for some machinery which was funded by bank loans.

PLEDGE OF ASSETS

The Group has pledged certain land and buildings having a net book value of approximately HK\$8,561,000 to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2005, the Group did not have any significant contingent liabilities.

流動資金及財務資源 (續)

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，應付現有承擔、營運資金需要，並於有需要時，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

截至二零零五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24,043,000港元(二零零四年：58,945,000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。

資產抵押

本集團已抵押賬面淨值約8,561,000港元之若干土地及樓宇，以作為本集團獲授之一般銀行信貸之抵押。

或然負債

於二零零五年三月三十一日，本集團並無任何重大或然負債。

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2005, the Group employed approximately 4,700 employees. The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performances bonus are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

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, 25 July 2005

僱員及薪酬政策

截至二零零五年三月三十一日止年度，本集團聘用約4,700名僱員。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。

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，二零零五年七月二十五日