

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### RESULTS

For the year under review, the Group recorded its turnover of HK\$180,892,000 (2004: HK\$22,531,000) representing an increase of approximately 702.9% and its loss attributable to shareholders of HK\$11,079,000 (2004: HK\$30,898,000).

### CHARGE ON GROUP'S ASSETS

Certain leasehold land and buildings with an aggregate carrying amount of HK\$43,200,000 as at 31 March 2005 (2004: HK\$43,700,000) were pledged to secure bank borrowings advanced to the Group.

### CONTINGENT LIABILITIES

The Group's design, manufacturing and sales of toys business is carried out by Xin Toys Factory Limited and Gadgets Yard Limited, two subsidiaries of the Company (the "Subsidiaries"), which have engaged a subcontractor in Dongguan, Mainland China, for the manufacturing process. The factory premises of the Group are located in Dongguan, Mainland China.

In May 2005, the Customs and Excise of Dongguan, Mainland China (the "Customs") conducted an inspection at the factory premises of the Subsidiaries and took away certain documents belonging to the Group. The outcome of the inspection is still pending at the date of these financial statements.

The directors of the Company are satisfied that the business and operations of the Subsidiaries have been properly conducted and that there have been no irregularities in the operations of the Subsidiaries or by any of their management or staff.

As at the date of this report, the directors are not aware of any further action taken by the Customs against the Subsidiaries and there is no indication of any adverse actions will be taken against the Subsidiaries. Accordingly, in the opinion of the directors, based on current available information, no provision for any penalties or claims is required to be made in the financial statements.

Save as disclosed above, in the opinion of the directors, there is no significant contingent liabilities noted as at 31 March 2005.

### 業績

於回顧年度內，本集團錄得營業額180,892,000港元（二零零四年：22,531,000港元），增幅為約702.9%，而股東應佔虧損約為11,079,000港元（二零零四年：30,898,000港元）。

### 本集團資產之抵押

於二零零五年三月三十一日，本集團抵押賬面總值43,200,000港元（二零零四年：43,700,000港元）之若干租賃土地及樓宇，以取得本集團獲授之銀行借款。

### 或然負債

本集團設計、生產及銷售玩具之業務乃透過本公司兩間附屬公司名為新創玩具廠有限公司及源製有限公司（「附屬公司」）進行。附屬公司並就生產過程於中國大陸東莞市委聘一間加工廠。本集團之廠房位於中國大陸東莞市。

於二零零五年五月，中國大陸東莞市之海關（「海關」）對附屬公司之工廠廠房進行檢查，並取走本集團若干文件。於此等財務報表刊發日期，檢查結果仍未公佈。

本公司董事信納附屬公司之業務及營運乃恰當進行，且附屬公司之營運或其任何管理人員或員工並無任何不當行為。

於本報告日期，就董事所知，海關並無對附屬公司採取任何進一步行動，亦無跡象顯示其會對附屬公司採取任何不利行動。因此，根據現有之資料，董事認為，毋須於財務報表中就任何罰款或申索撥備。

除上文所披露外，董事認為，本集團於二零零五年三月三十一日並無重大或然負債。

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### PENDING LITIGATIONS

Claims for outstanding trade debts were brought by several suppliers and other miscellaneous creditors against the Group in prior years in respect of goods supplied and services provided, together with interest, costs and/or other relief, of approximately HK\$392,000 (2004: HK\$2,129,000) in aggregate.

In the opinion of the directors, adequate provisions have been made by the Group in respect of all these claims in the Group's financial statements at 31 March 2005.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2005, the Group had neither unutilized banking facilities nor any hedging financial instruments. All borrowings of the Group are denominated either in Hong Kong dollars or Renminbi or Singaporean dollars. HK\$30,964,000 is at fixed interest rate, HK\$34,528,000 is at floating interest rate and HK\$7,007,000 is interest-free. The total indebtedness of the Group (representing the aggregate amounts of loans from banks, financial institutions and loan providers) was HK\$72,499,000. Among which, HK\$35,971,000 will be repayable within one year and the remaining of HK\$36,528,000 will be repayable within the second year. The Group had net current liabilities of HK\$19,982,000 and shareholders' fund of HK\$20,166,000. The Group's gearing ratio was approximately 3.6 for the year ended 31 March 2005.

During the year, the financial position of the Group has been improved. As at 31 March 2005, the Group's aggregate cash on hand was HK\$24,000,000. The improvement was mainly due to net proceed of HK\$20,900,000 received by the Group following an allotment of 551,360,095 ordinary shares at HK\$0.01 each on 23 February 2005 at a subscription price of HK\$0.04 each at the basis of one right share for every two shares held.

### 仍未了結之訴訟

於以往年度若干供應商及其他債權人就已供應貨品及所提供服務連同利息、成本及／或其他寬免合共約392,000港元(二零零四年：2,129,000港元)向本集團提出未償還應收貿易賬款索償。

董事認為，本集團已於二零零五年三月三十一日之財務報表內就上述全部索償作出充裕之撥備。

### 流動資金及財務資源

於二零零五年三月三十一日，本集團並無任何未動用之銀行融資或任何對沖金融文據。本集團全部借款均以港幣或人民幣或新加坡幣計值，其中30,964,000港元乃以固定利率計息，34,528,000港元乃以浮動利率計息及7,007,000港元為免息。本集團之總負債(即銀行、金融機構及貸款供應商之貸款總額)為72,499,000港元。其中35,971,000港元須於一年內償還，其餘36,528,000港元須於第二年內償還。本集團之流動負債淨額及股東資金分別為19,982,000港元及20,166,000港元。本集團截至二零零五年三月三十一日止年度之資本負債比率為約3.6倍。

年內，本集團之財務狀況已有改善。於二零零五年三月三十一日，本集團之手頭現金總額為24,000,000港元。情況得以改善主要由於本集團在二零零五年二月二十三日按每持有兩股股份可獲配發一股供股股份之基準以每股認購價0.04港元配發551,360,095股面值0.01港元普通股後，所得款項淨額20,900,000港元。

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### CAPITAL REORGANIZATION

Subsequent to the balance sheet date, the directors proposed to effect a capital reorganization scheme on 13 April 2005, which involved the capital reduction of par value of the ordinary share capital of the Company from HK\$0.01 each to HK\$0.0005 each, the cancellation of the share premium account of the Company and the consolidation of every twenty shares of HK\$0.0005 each resulting from the capital reduction into one consolidated share of HK\$0.01 each. The capital reorganization was approved by the Company's shareholders on 23 May 2005.

### FOREIGN CURRENCY EXPOSURE

Significant foreign currency exposure was not expected by the Group as sales to foreign customers were settled in US dollars and purchases of materials were in Hong Kong dollars or Renminbi or Singaporean dollars.

### HUMAN RESOURCES

As at 31 March 2005, the total number of employees of the Group was about 355, among which about 7 staff were based in Singapore, 333 staff were based in PRC and 15 staff in Hong Kong. Apart from competitive remuneration package offered to the employees, share option may be granted by the Group to attract and retain talented employees. During the year, no share options have been granted.

### 股本重組

結算日後，董事建議在二零零五年四月十三日進行股本重組計劃，當中包括將本公司普通股本中每股股份之面值由0.01港元調低至0.0005港元之股本削減、註銷本公司之股份溢價賬及將因股本削減而產生之每20股每股面值0.0005港元之股份合併為一股每股面值0.01港元之合併股份。股本重組已於二零零五年五月二十三日獲本公司股東批准。

### 外匯風險

由於本集團售貨予外國客戶均以美元結算，而購買材料則以港幣或人民幣或新加坡幣結算，故本集團毋須承受重大外匯風險。

### 人力資源

於二零零五年三月三十一日，本集團聘用之僱員總數約為355人，當中包括長駐新加坡之職員約7人、長駐中國之職員333人及長駐香港之職員15人。本集團除向僱員提供優厚之薪酬福利外，亦可授出購股權以吸納及挽留優秀人才。於本年度內，本集團並無授出任何購股權。