

CHAIRMAN'S STATEMENT 主席報告書

For the year ended 31 March 2005, there was a promising improvement in business performance of the Group. The Group recorded a turnover of HK\$180,892,000 representing approximately a 702.9% increase as compared with HK\$22,531,000 of last year. Net loss from ordinary activities attributable to shareholders for the year was HK\$11,079,000 (2004: net loss of HK\$30,898,000). The improvement in its turnover and results were mainly due to the contribution from the supply and procurement business in Asia Pacific Region.

BUSINESS OVERVIEW

In the early 2004, the Group made a big step in its business development by setting up a non-wholly owned subsidiary named as Xin Procurement and Trading Pte. Ltd. ("Xin Procurement") for the supply and procurement business in Asia Pacific region in which the Group and the connected person own 51% and 49% equity interest respectively. Xin Procurement commenced its business in April 2004 and has already made contribution to the Group. For the year ended 31 March 2005, Xin Procurement recorded a turnover of HK\$144,687,000 and a profit of HK\$7,273,000. Leveraging on our sourcing network, diverse customer base and the gradual recovery of the global economy, the management is confident that the Group is well equipped to diversify its business into the supply and procurement business which will serve to provide a stable revenue income source for the Group.

The year under review was a difficult year for the Group's operation in toys business. Through the business partnership in a non-wholly owned subsidiary named as Gadgets Yard Limited, the Group has successfully broadened its clientele network and developed reliable relationship with customers. There was an increase of approximately 60.7% in toys business as compared with that of last year. However, the Group's profitability was adversely affected by the surge in raw material costs and production overheads. Oil price increased significantly and hit a historical high in the second half of 2004. Price of plastic materials, the primary raw material utilized for the Group's core product item – toddler cars, recorded a steep rise accordingly. In addition, labour shortage problem prevailed in Pearl River Delta region as well as the rise in statutory minimum wages of workers further added immense pressure on the profit margin of products. That affected the profitability of the Group in return and further aggravated the business environment in toys industry.

截至二零零五年三月三十一日止年度，本集團之業務表現取得不俗進展。本集團錄得營業額180,892,000港元，較去年的22,531,000港元上升約702.9%。本年度之股東應佔日常業務虧損淨額為11,079,000港元（二零零四年：虧損淨額30,898,000港元）。本集團營業額及業績有所改善，主要由於亞太區之供應及採購業務帶來貢獻所致。

業務概覽

二零零四年初，本集團透過成立一間名為Xin Procurement and Trading Pte. Ltd.（「Xin Procurement」）之非全資擁有附屬公司在亞太區從事供應及採購業務，造就本集團之業務發展大步邁進。本集團與關連人士分別持有該公司51%及49%之股東權益。Xin Procurement於二零零四年四月開始營業，並已為本集團錄得貢獻。截至二零零五年三月三十一日止年度，Xin Procurement之營業額為144,687,000港元，而溢利則為7,273,000港元。透過控制來源網絡，擴大客戶基礎，加上全球經濟復甦之利好因素，管理層深信，本集團已做好準備，擴展其業務於供應及採購業範疇之上，這將為本集團帶來穩定收入來源。

回顧年度乃本集團玩具業務經營艱難之一年。本集團透過成立一間名為源製有限公司之非全資擁有附屬公司，成功擴闊客戶網絡以及與顧客建立互信關係。玩具業務較去年增長約60.7%。然而，原料成本及生產費用急劇增加，令本集團之盈利能力受到不利影響。二零零四年下半年，油價大幅上升，創下歷史新高。本集團主要產品一學行車之塑膠原料之價格亦因而迅速攀升。此外，珠三角地區向來有僱員不足之問題，加上員工法定最低工資被調高，對產品毛利增添沉重壓力，繼而影響本集團之盈利能力，令玩具業經營環境更為困難。

PROSPECTS

To summarize, the Group will continue to strive for cost saving measures to improve its profitability and to consider various alternatives to strengthen its capital base. One of the Group's key strategies in the forthcoming year is to monitor and evaluate the toys business. The supply and procurement business is expected to be one of major engines for the Group's growth. In addition, the Group will continue to explore other investment opportunities that have earning potentials to expand its existing operations and to diversify its business.

APPRECIATION

On behalf of the board, I would like to take this opportunity to thank all of our dedicated staff for their efforts and to express my sincere appreciation to all shareholders for their continuous support to the Group.

展望

總括而言，本集團將繼續採納節省成本之措施，以改善其盈利能力，並考慮其他方法鞏固其資本基礎。本集團來年主要策略之一，是要為玩具業務實行監察及評估。供應及採購業務預期將成為本集團業務增長之一大動力。此外，本集團將繼續發掘其他具有盈利潛力之投資機會，藉以擴充現有業務，為業務實行多元化發展。

致謝

本人謹此代表董事會，向本集團全體員工致以由衷謝意，感謝彼等一直竭誠盡力為本集團服務，亦感謝全體股東多年來對本集團全力支持。