

BUSINESS REVIEW

For the year ended 31 March 2002, the Group recorded sales turnover of HK\$730,667,000 (2001: HK\$904,242,000) and consolidated net profit of HK\$60,031,000 (2001: HK\$84,621,000). Basic earnings per share of the Group for the year ended 31 March 2002 was HK17.90 cents (2001: HK25.84 cents).

The 2001/02 financial year was one of the most difficult years for the Group. Adverse factors such as global economic slow down, the tragic 911 disaster, keen market competition, customer inventory corrections, shorter and shorter order lead-time and severe pricing pressures have all hit us during the year. Although there has been a decrease in both sales turnover and earnings, we were able to maintain a very strong financial position. After due consideration of the current strong cash position and working capital requirements and to continue to provide a reasonable dividend return to our shareholders for their continual support, the directors recommend the payment of a final dividend of HK5 cents and a special dividend of HK3 cents per share for the year ended 31 March 2002. Together with the interim dividend of HK2 cents per share paid in January 2002, the total dividends for the year ended 31 March 2002 will be increased by 25% to HK10 cents per share (2001: HK8 cents).

Sales turnover has dropped by 19% to HK\$730,667,000 with declines in both volume and unit price. During the 2001/02 financial year, the Group was faced with the most severe downward pricing pressure from all customers for all product lines across the board. Coupled with the decrease in end consumer demand arising from global economic downturn, the Group recorded its first downturn in sales turnover in 5 years.

Geographically, turnover to Europe decreased by 17% to HK\$333,543,000 representing 46% of the Group's turnover. Turnover to the America was most affected with a decrease of 26% to HK\$290,634,000 representing 40% of the Group's turnover. Turnover to Asia and other markets decreased by 3% to HK\$106,490,000 representing 14% of the Group's turnover.

業務回顧

截至二零零二年三月三十一日止年度，本集團錄得銷售營業額730,667,000港元（二零零一年：904,242,000港元）及綜合純利60,031,000港元（二零零一年：84,621,000港元）。本集團截至二零零二年三月三十一日止年度之每股基本盈利為17.90港仙（二零零一年：25.84港仙）。

二零零一／零二年財政年度於本集團而言為經營困難之一年。在種種不利因素下，如全球經濟放緩、九一一慘劇、市場競爭熾烈、客戶調整存貨量、完成訂單時間愈加縮短，而且訂價壓力嚴峻，年內，本集團備受衝擊。儘管銷售營業額及盈利均有所下降，本集團之財政狀況仍然非常穩健。經慎重考慮到本集團現時的現金充裕及其未來營運資金需要後，以及為提供合理的股息回報予支持本集團之股東，董事建議派付截至二零零二年三月三十一日止年度之末期股息每股5港仙及特別股息每股3港仙。連同已於二零零二年一月派付之中期股息每股2港仙，截至二零零二年三月三十一日止年度之股息總額將增加至每股10港仙（二零零一年：8港仙），增幅達25%。

銷售量及單價下調，銷售營業額隨之下跌19%至730,667,000港元。於二零零一／零二年財政年度，客戶紛紛要求全線產品減價，令本集團備受沉重之減價壓力，再者全球經濟下滑，最終用戶之需求量轉弱，致令本集團之銷售營業額於五年來首次下跌。

以地區劃分而言，歐洲業務之營業額減少17%至333,543,000港元，佔本集團營業額46%。美洲業務之營業額所受影響最大，下跌26%至290,634,000港元，佔本集團營業額40%。亞洲及其他市場之營業額下降3%至106,490,000港元，佔本集團之營業額14%。

BUSINESS REVIEW (continued)

The Group's core business lies in product categories of household electrical appliances and personal care products. Turnover of household electrical appliances decreased very slightly by 1% to HK\$516,385,000 representing 71% of the Group's turnover. Within this product category, turnover of Deep Fryers and Food Processors, both of which are our key development items, actually increased 19% from HK\$135,421,000 to HK\$160,812,000. Turnover of personal care products dropped drastically by 42% to HK\$214,282,000 following a strong growth of 80% in the previous year. The decline was mainly due to the sharp and sudden downturn in the global economy and customer inventory adjustment.

Despite a drop of 19% in our sales turnover, we were able to improve our gross profit margin from 24% to 25%. This has been achieved through tight cost control, expenditure reduction, efficiency improvement and hard negotiations for better material costing. The Group's distribution costs was maintained at 4% to turnover. The Group's administration expenses, however, increased from 10% to 13% to turnover although there is a marginal decrease in absolute dollar terms. This was mainly attributable to the continuing fixed overhead and depreciation expenses. As a result, net profit after tax for the year dropped by one percentage point year on year from 9% to 8% to turnover.

During the year, new products launched included Foot Bath, and new versions of Food Processors, Deep Fryers, Blenders and Bath Spa.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2002, the Group had total assets of HK\$495,103,000 which was financed by current liabilities of HK\$80,516,000, long-term liabilities and deferred taxation of HK\$18,152,000 and shareholders' equity of HK\$396,435,000.

業務回顧 (續)

本集團之核心業務為家庭電器及個人護理產品。家庭電器之營業額微降1%至516,385,000港元，佔本集團營業額71%。在此產品系列中，電炸焗及食物處理器為本集團之重點開發產品，其營業額的實際增幅為19%，由135,421,000港元上升至160,812,000港元。個人護理產品之營業額，經去年錄得達80%之強勁增長後，顯著回落42%至214,282,000港元。營業額下跌，主要歸因於全球經濟突然衰退，加上客戶調整存貨量所致。

銷售營業額儘管下降19%，毛利率仍由24%上升至25%，此實有賴集團嚴格控制成本、提升效率，並致力商議更佳之物料成本。本集團之分銷成本仍佔營業額4%。然而，本集團之行政開支由10%增加至13%，唯以實際金額計算，錄得輕微跌幅。主要因為本集團持續耗用固定間接成本及折舊開支。因此，本年度之除稅後純利較去年下降1%，由佔營業額9%減少至8%。

年內，已推出之新產品包括足浴器及新型號食物處理器、電炸焗、攪拌器及水力按摩器。

流動資金及財務資源

於二零零二年三月三十一日，本集團之總資產為495,103,000港元，資金來源包括流動負債80,516,000港元、長期負債及遞延稅項18,152,000港元及股東權益396,435,000港元。

LIQUIDITY AND FINANCIAL RESOURCES (continued)

At the end of the financial year, the Group maintained a strong balance sheet and a healthy liquidity position. As at 31 March 2002, the Group had cash balance of HK\$179,827,000 most of which was placed in US dollar short term deposits with major banks in Hong Kong, except for temporary balances held in such non-US currencies as required pending specific payments. Total borrowings as at 31 March 2002 included obligations under finance leases of HK\$10,838,000 representing 3% of the Group's shareholders' equity at the same date.

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.

HUMAN RESOURCES

As at 31 March 2002, the Group employed approximately 4,100 employees, the majority of which work in the PRC. Remuneration of the employees includes basic salaries and performance bonuses. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

PROSPECTS

Although there has been some evidence that an economic recovery is underway, we are of the conservative view that the recovery would be gradual. Sales for the first quarter of 2002/03 financial year have increased by approximately 10% comparing same period last year. Under the difficult business environment with keen competition and customer request on shorter order lead time and pricing pressure, the Group would continue to work very hard with emphasis on stringent cost control, efficiency and research and development in new products.

流動資金及財務資源 (續)

於本財政年度終結時，本集團之資產負債表情況十分堅穩，流動資金狀況亦相當穩健。於二零零二年三月三十一日，本集團之現金結餘額達179,827,000港元，除持有臨時非美元結餘以備支付所需特定付款外，其中大部份已存入香港之主要銀行，作為短期美元存款。於二零零二年三月三十一日，借貸總額包括融資租賃承擔為10,838,000港元，其相當於本集團於同日之股東權益3%。

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、本集團進一步擴展業務及未來投資商機所需。

人力資源

於二零零二年三月三十一日，本集團聘用約4,100名僱員，其中大部份僱員於國內工作。僱員之酬金包括基本薪金及表現花紅。本集團亦會視乎個人表現並達致若干指定目標而向僱員授予購股權。

展望

縱使經濟已呈若干復甦跡象，然而，我們對經濟逐步復甦仍抱審慎態度。二零零二／零三年財政年度首季之銷售額較去年同期上升約10%。在艱困營商環境下，競爭激烈及客戶要求縮短完成訂單時間，造成定價下調壓力，為此，本集團定會繼續致力嚴謹控制成本、提高效率及研發新產品。

PROSPECTS (continued)

We are currently working on several new versions of Juice Extractors, Food Processors, Deep Fryers, Bath Spa, Foot Bath and Beauty Care products. Several projects for new products are also underway which are expected to materialize in 2003/04 financial year. Expansion in our Research and Development section has been planned whereby testing and rapid prototyping facilities would be installed. Capital expenditure for this expansion would be funded by our internal cash flow.

The Group has implemented an ERP system with live run in October 2001. In its early stages, there is still a lot of fine-tuning to be implemented. Nonetheless, the system has provided us with more timely and accurate material and capacity planning. We are confident that together with our dedication, it would enable the group to plan and execute our manufacturing to achieve shorter order lead-time for customer orders.

Looking ahead, the Group will mark its 40th year in business in year 2003. With a strong and stable financial position, long established experience and goodwill, dedication and focus in our core business, the Group is confident to meet the challenges lying ahead and will continue to perform under difficult business conditions and create value to our shareholders.

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 and also to thank Mr. Wong Wing Ming who retired on 1 April 2002 for his valuable contribution to the Group during his office as an executive director of the Company.

On behalf of the Board
Cheung Shu Wan
Managing Director

Hong Kong, 15 July, 2002

展望 (續)

本集團現正銳意開發多款新型號之榨汁器、食物處理器、電炸焗、水力按摩器、足浴器及美容護理產品，並已進行多個新產品項目，可望於二零零三／零四年財政年度取得成果。本集團已計劃擴充研究與開發部門，據此，集團將會安裝測試及快速原型設施。此項擴展計劃所涉及之資本開支將以內部流動現金支付。

本集團已推行企業資源計劃(ERP)系統，並已於二零零一年十月投入使用。由於系統尚處初步階段，仍有頗多細節有待完善。儘管如此，此系統有助本集團更準時且更準確地規劃物料及產能。憑藉本集團果斷決心，我們有信心該系統可助集團籌劃並執行製造計劃，從而縮短完成客戶訂單之時間。

展望未來，本集團將於二零零三年邁進四十週年，本集團具備堅穩且穩健之財政狀況、悠久豐富之經驗及商譽、果斷決心，而且專注發展核心業務，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，並為股東創造回報。

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，同時藉此感謝於二零零二年四月一日榮休之行政董事黃永明先生其於任內對本集團之無限貢獻。

承董事會命
董事總經理
張樹穩

香港，二零零二年七月十五日