

## Chairman's Statement

### SUMMARY OF RESULTS

The consolidated turnover of the Group for the year ended 31 March 2003 decreased 11% from the previous year to HK\$288 million. Profit attributable to shareholders dropped 12% from the previous year to HK\$28 million. Earnings per share were HK14.1 cents, representing a decrease of 13% as compared with the same period last year.

### DIVIDENDS

The Board of Directors of the Company has recommended a final dividend of HK2 cents per share. This, together with the interim dividend of HK5 cents per share paid, makes a total dividend of HK7 cents per share for the year ended 31 March 2003. The payment of the final dividend is subject to the approval of shareholders at the Company's Annual General Meeting to be held on 13 August 2003.

### REVIEW OF OPERATIONS

During the year, the Group recorded a turnover of approximately HK\$288 million as compared to HK\$324 million in the year ended 31 March 2002, and profit attributable to shareholders of HK\$28 million as compared to that of HK\$32 million in the previous financial year. The decrease was mainly due to the non-recurrence of a sale contract of approximately HK\$22 million in the current year regarding sales of the Group's irons as gifts and promotional items for the year ended 31 March 2002 and decrease of kettle sales in the UK market.

The European market continued to be the Group's largest market and accounted for 60% of the Group's total turnover. The stagnation of the European economy had an adverse effect on the Group's sales to this area both in terms of price and quantity. With increased marketing efforts, the Group has successfully maintained its sales level to North America. Australia and New Zealand continued to exhibit a robust economy and the Group's sales to these countries has increased by almost 30%.

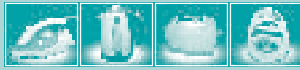
### PROSPECTS AND OUTLOOK



*Research and Development Department*

Despite uncertainties in the current global economy, the Directors are optimistic about the prospect of the Group's business. As an ongoing process, the Group is constantly improving its operating efficiency, optimizing its overall cost structure and better utilising its working capital. The Group has prepared itself for the long-term development by (i) strengthening its design and development capability in developing more trendy and fashionable new products, both within its existing product lines as well as adding new product lines; (ii) expanding customers base in terms of both quantity and quality; and (iii) further

expanding into the North American market which the Group has only started to develop seriously in the past two years.



## Chairman's Statement

At present, about 95% of the Group's turnover was generated by the sales of kettles and irons. In the past twelve months, the Group has made significant progress in the development of coffee related accessory products. It

is expected that coffee related accessory products will contribute to the turnover of the Group more significantly in the coming years. It is also the Group's strategy to develop a new product line in every two to three years' time.



*New range of coffee grinders*



*Fully automated life test laboratory*

of the efforts that we have put into the North American market, as evidenced by the fact that during the latest fiscal year, the North American market accounted for about 22% of the Group's turnover. Ideally, we would like to see the North American market account for about one-third of the Group's turnover in the future.

Geographical diversification is another objective of the Group. Prior to the fiscal year 2002, the Group had devoted most of its resources, both in terms of product development and allocation of marketing efforts, to the European market. During fiscal year 2001, almost 70% of the Group's turnover was generated from the European market and the North American market only accounted for 9% of the Group's turnover. Realizing that the North American market is such a huge market that the Group cannot ignore it in the long term, the Group has increased its marketing efforts into the North American market. We are reaping the benefits

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders for their confidence in the Group, our worldwide customers for their trust and support in our products and services through the years, our staff for their dedication as well as our banker and business associates for their continuing support.

**Chan Tat**

*Chairman*

Hong Kong, 20 June 2003