

TO ALL SHAREHOLDERS

I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2003.

BUSINESS REVIEW

The financial year of 2003 can be viewed as a year of gradual recovery and further internal consolidation of the Group. As reflected in the results this year, turnover grew by approximately 14%, which was mainly resulted from our strengthened marketing efforts and the expanded production capacity of our factory in Jiangxi. With the increase in production capacity, the Group was able to cope with more orders, and to better serve our customers with shortened and more efficient delivery cycle. The benefits that brought by our Jiangxi factory did not limited to the quantity, but to the quality of our products. Improved product quality demonstrated our commitment to customers through quality and consistency, which helped bring in more new customers and growth of sales generated by large customers.

The doubling turnover recorded in other regions proved the Group's endeavours in diversifying markets to lower the risk of concentrating the Group's resources in few market regions during the year. This marketing strategy achieved preliminary success to the Group in terms of creating rewarding marketing opportunities, penetrating into new markets and growing business profitably. The Group will continue to take advantage of this strategy and forge more business partnerships to maximize revenue.

Last year, we made strides in operational excellence and cost efficiency, which was reflected most notably in the decrease of approximately 75% in the loss of a jointly-controlled entity, and the shrinkage of administrative expenses by approximately 14%.

The Group is now more well positioned to make a turnaround by our strengthened production facilities and streamlining processes, and we remain cautiously optimistic that improvements in our business performance can soon be traced from our future accounts.

致全體股東

本人欣然呈報本公司及其附屬公司（統稱「本集團」）截至二零零三年六月三十日止年度之全年業績。

業務回顧

二零零三年財政年度可被視為本集團逐步復甦及進一步內部整固之一年。誠如本年度業績所反映，營業額增長約14%，主要由於本集團加強市場推廣以及擴大江西廠房生產力之成果。隨著生產力增加，本集團可處理更多訂單，並為客戶提供更優質服務，縮減交貨週期及使之更有效率。本集團之江西廠房所帶來之效益並不限於數量之提升，更關乎本集團產品質素之改善。經改良之產品質素透過其質量及一貫性展現本集團對客戶之承諾，有助為本集團帶來更多新客戶及增加來自主要客戶之銷售額。

於年內，本集團於其他地區之營業額倍增，這足以證明本集團在拓展市場以減低資源集中於若干市場之風險方面不遺餘力。此市場推廣策略已為本集團在製造新市場推廣機會、打進新市場及增加業務溢利方面取得初步成果。本集團將繼續利用此策略之優勢，建立更多的業務合作關係，以增加收益。

去年，本集團銳意在經營上追求卓越及提升成本效益，此成果從聯合控制企業虧損顯著下跌約75%及行政開支減少約14%可見一斑。

憑藉經強化之生產設施及簡化程序，本集團現已作好準備作出反彈，並對本集團於不久將來所能從賬目中反映業務表現之改善，持審慎樂觀態度。

PROSPECTS

Though the performance of the Group for the year was continued to be affected by the unfavourable global economic conditions and the short-term operational difficulties brought by relocation of our Dongguan factory to Jiangxi, noticeable improvements in operation and production capacity and the strengthened marketing effort gradually lessen the negative impacts.

As a manufacturing enterprise with solid foundation, the Group will focus on its core operations blended with a commitment to excellence in product quality and service. Since the production facility in Jiangxi has been completed, the Group is now more capable of satisfying and responding to the demand for quality cigarette lighters, as well as realigning its production lines in order to further enhance production capacity. Although the cost of the relocation and the related start-up costs adversely impacted gross profits and the bottom lines in the previous years, they clearly are strategic investments in the Group's future growth.

To succeed in today's fast-paced business environment, enterprises must act proactively. The Board is seeking investments in a broader range of factors to achieve further growth opportunities for the Group, to increase shareholders' value and to reduce its reliance on the lighter industry. We remain positive about the future performance of the Group.

APPRECIATION

I want to thank our shareholders, for their confidence and support. I also want to thank our suppliers, strategic partners, dealers, customers and loyal employees who have made this past year a rewarding one.

SHER Tak Chi

Chairman

Hong Kong
24 October 2003

展望

儘管本集團於年內之表現持續受到全球經濟狀況不景氣，以及東莞廠房搬遷至江西所產生之短期營運困難所影響，但於經營及生產力之顯著改善及憑藉市場推廣之努力，本集團已能逐步減低此等負面影響。

本集團作為一間實力雄厚的生產商，將致力經營其核心業務，並承諾在產品質素及服務方面精益求精。鑑於已完成安裝江西生產設施，本集團現更能滿足及回應客戶對香煙打火機質素之要求。本集團亦重新調整其生產線，以進一步提升生產力。縱然搬遷成本及有關開辦費用為以往年度之毛利及實際收入帶來不利影響，惟其確實為本集團日後增長之策略性投資。

企業要於現今瞬息萬變的商業環境中脫穎而出，必須能高瞻遠矚以洞悉先機。董事會現正尋求在更多其他範疇作出投資，從而為本集團帶來更多增長機會、增加股東回報以及減少依賴打火機行業。本集團對其未來之表現持樂觀態度。

致謝

本人謹此感謝股東對本集團給予之信心及支持，並對本集團之供應商、策略性夥伴、經銷商、客戶以及令去年成為充滿回報的一年之忠誠僱員，致以衷心謝意。

主席

余德志

香港
二零零三年十月二十四日