

RESULTS ANALYSIS

For the year ended 30 June 2003, the Group recorded a total turnover of approximately HK\$140,193,000, representing an increase of approximately HK\$17,633,000, or 14% as compared to the previous year. Such increase was mainly attributable to the growth of sales in all regions except Hong Kong and the PRC, as well as the expanded production capacity of the Group.

During the year, the Group strengthened its presence in the U.S. market and successfully increased its sales by approximately 11% to approximately HK\$55,226,000 this year. The US economy has picked up gradually. The Group believes that the US market represents a meaningful growth opportunity and will continue its marketing effort to generate new business.

Turnover generated from Hong Kong was hit hard by the prolonged economic downturn in the region and the fierce competition triggered by the lighter manufacturers in the Mainland China.

Turnover attributable to other regions, recorded a remarkable growth of approximately 108% to approximately HK\$40,388,000, which was mainly due to the Group was actively seeking co-operation with strategic partners and penetrating into new markets.

Net loss for this year was significantly narrowed down to approximately HK\$5,452,000, or a decrease of 44% when compared to the previous year. During the year, the management of the Company has put much effort on tightening controls on the reduction of operating costs, aiming to enhance operational efficiency and competitiveness. With these cost control policies, the overall administrative expenses reduced by 14% and share of loss of a jointly controlled entity had also been narrowed down significantly. Management will continue to adopt a strict internal cost control policy in order to keep expenses to the minimum while maintaining work efficiency and product quality.

業務分析

截至二零零三年六月三十日止年度，本集團錄得營業總額約港幣140,193,000元，較去年增加約港幣17,633,000元或14%。該增幅主要由於所有地區（香港及中國除外）之銷售額增長以及本集團擴大生產力所致。

於年內，本集團加強其於美國市場推廣，並於本年度成功將銷售額提高約11%至約港幣55,226,000元。美國經濟已逐步復甦。本集團相信，美國市場將蘊含可觀之增長機遇，故本集團將繼續致力進行市場推廣，以產生新商機。

來自香港之營業額因區內長期經濟衰退及中國大陸打火機製造商帶來之激烈競爭而遭受沉重打擊。

來自其他地區之營業額錄得約108%之驕人增長，增至約港幣40,388,000元。其主因為本集團積極尋求與策略性夥伴合作及打進新市場。

本年度淨虧損較去年大幅收窄44%至約港幣5,452,000元。於年內，本公司管理層致力嚴格控制削減經營成本，以提升營運效率及競爭力。透過此等成本控制政策，整體行政費用已減少14%，應佔聯合控制企業之虧損亦大幅收窄。管理層將繼續採納嚴謹的內部成本控制政策，既可將開支降低，亦能維持工作效率及產品質素。

PRODUCT DEVELOPMENT

Also, the Group will continue to put emphasis on developing products with reasonable price and good quality, as the management believe that such products can best suit the purchasing power of the population in the world at this recession time. Our research and development team will continue to work on design, component development, sample making and upgrading, and production engineering in order to accelerate production, improve production efficiency and product quality, and diversify product designs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a healthy financial position and benefit from the significant improvement in cash inflow from operations, which generated net operating cash inflow of HK\$15,493,000 (2002: HK\$1,668,000) during the year. As at 30 June 2003, the Group's cash and bank balance increased to approximately HK\$7,274,000 (2002: HK\$938,000). Net current assets of the Group was approximately HK\$7,885,000 (2002: HK\$8,773,000). Current ratio had improved slightly to 1.23 (2002: 1.20).

At 30 June 2003, the Group had a total outstanding debt and finance lease obligation of approximately HK\$10,074,000 (2002: HK\$15,110,000), of which approximately HK\$6,240,000 (2002: HK\$6,487,000) was secured bank loans, approximately HK\$2,157,000 (2002: HK\$7,306,000) was secured overdrafts, and approximately HK\$1,677,000 (2002: HK\$1,317,000) was obligation under finance leases. The gearing ratio (defined as long-term borrowings divided by shareholders' fund) was improved to 2.5% (2002: 4.6%)

The Group generally finances its operations with internally generated cash flows, short-term loans and overdraft facilities provided by banks in Hong Kong. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts facilities and bank loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate for foreign currency's Trade Finance Rates. The Directors believe that the Group has sufficient financial resources to discharge its debts and to finance its operations and capital expenditures.

產品開發

本集團亦將繼續著重發展價格合理而品質優良之產品。管理層認為於現時經濟衰退之情況下，該等產品最能迎合世界各地顧客之購買能力。公司內部之研究及開發隊伍將於設計、部品開發、樣本製作及改善以及製作工程方面，將不遺餘力致志提高產量，改善生產效率及產品質素，並使產品設計多樣化。

流動資金及財政來源

本集團繼續保持穩健之財務狀況，並受惠於顯著改善之經營業務現金流入。於年內產生之經營業務現金流入淨額為約港幣15,493,000元（二零零二年：港幣1,668,000元）。於二零零三年六月三十日，本集團之現金及銀行結餘增至約港幣7,274,000元（二零零二年：港幣938,000元）。本集團之流動資產淨值約港幣7,885,000元（二零零二年：港幣8,773,000元）。流動比率輕微改善至1.23（二零零二年：1.20）。

於二零零三年六月三十日，本集團之未償還欠款及融資租約債務合共約港幣10,074,000元（二零零二年：港幣15,110,000元），其中約港幣6,240,000元（二零零二年：港幣6,487,000元）為擔保銀行貸款，約港幣2,157,000元（二零零二年：港幣7,306,000元）為有抵押透支，以及約港幣1,677,000元（二零零二年：港幣1,317,000元）為融資租約債務。負債比率（長期借貸除以股東資金）改善至2.5%（二零零二年：4.6%）。

本集團一般透過內部產生現金流量與香港銀行給予之短期貸款及透支融資以為其業務運作提供所需資金。本集團採用之借貸方法主要包括信託收據貸款、透支融資及銀行貸款。上述貸款及透支大部份參照外幣貿易財務利率之港元最優惠利率釐定息率。董事相信本集團擁有足夠財政資源以償還其欠款及支付其經營及資本開支。

CHARGES ON GROUP'S ASSETS

At 30 June 2003, the Group pledged its time deposits of approximately HK\$2,041,000 (2002: HK\$2,028,000) and its investment properties and leasehold land and building with an aggregate net book value of approximately HK\$9,602,000 (2002: HK\$10,912,000) and HK\$4,840,000 (2002: HK\$5,294,000) respectively as securities for the banking facilities granted to the Group.

CONTINGENT LIABILITIES

At 30 June 2003, the Group had contingent liabilities not provided for in the financial statements in respect of bills discounted with recourse amounting to approximately HK\$8,306,000 (2002: HK\$4,000,000).

At 30 June 2003, the Company had contingent liabilities not provided for in the financial statements in respect of unlimited corporate guarantees given to the banks for general banking facilities granted to a subsidiary amounting to HK\$63,336,000 (2002: HK\$55,336,000). On the same day, such facilities were utilized to the extent of approximately HK\$16,703,000 (2002: HK\$17,800,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2003, the Group had 1,773 (2002: 1,912) employees spreading from Hong Kong to the PRC. Industrial relationship had been well maintained.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group is mainly minimal so long as the Hong Kong SAR Government's policy to link the Hong Kong dollars to the US dollars remains in effect.

Since the Group's principal manufacturing operations are in the PRC and most of the operating expenses are denominated in Renminbi, the management is aware of possible exchange rate exposure.

集團資產抵押

於二零零三年六月三十日，本集團以其定期存款約港幣2,041,000元（二零零二年：港幣2,028,000元）及其總賬面淨值約港幣9,602,000元（二零零二年：港幣10,912,000元）及港幣4,840,000元（二零零二年：港幣5,294,000元）之投資物業及租賃土地及樓宇，作為本集團獲授銀行融資的抵押。

或然負債

於二零零三年六月三十日，本集團於財務報表未入賬之附追索權貼現票據之或然負債約港幣8,306,000元（二零零二年：港幣4,000,000元）。

於二零零三年六月三十日，本公司存在未計入財務報表之或然負債，此乃關於就向附屬公司授予一般銀行融資之銀行作出港幣63,336,000元（二零零二年：港幣55,336,000元）之無限公司擔保。同日，已動用該等融資中約港幣16,703,000元（二零零二年：港幣17,800,000元）。

僱員及薪金政策

於二零零三年六月三十日，本集團聘用1,773名（二零零二年：1,912名）員工，遍佈香港及中國，並一直維持良好的勞資關係。

外匯風險

本集團主要以美元及港幣賺取收益及支付費用。鑑於香港特區政府仍然實施港幣與美元掛鈎之政策，故此本集團之外匯風險基本上維持於最低水平。

由於本集團之主要生產業務位於中國，且大部份經營支出乃以人民幣結算，故管理層注意到匯兌風險的可能性。