

I am pleased to present the Annual Report of RBI Holdings Limited (the "Company") and its subsidiaries (together known as the "Group") to the shareholders of the Company for the year ended 31st December 2004.

### RESULTS

During the year, the Group recorded a turnover of HK\$583.1 million, representing an increase of 1.6% over last year. The audited consolidated profit attributable to shareholders decreased by 38.8% to HK\$53.9 million.

### DIVIDEND

The directors of the Company recommend a final dividend of Hong Kong 7 cents per share in respect of the year ended 31st December 2004 to the shareholders of the Company whose names appear on the register of members on 27th May 2005. Together with the interim dividend of Hong Kong 3 cents per share paid during the year, this makes a total dividend for the financial year of Hong Kong 10 cents per share.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### BUSINESS OVERVIEW

The Group's business remained stable in 2004 and recorded a moderate increase in turnover. The management considered that the world toy market was static and much of the buying interest has been on the electronic and high technology toys and TV games.

In common with many industrial manufacturing businesses in China, the Group's profitability has been adversely affected by rising production costs. Oil price increased significantly as compared to last year and hit an historical high level in the second half of 2004. Price of plastic, a by-product of oil, recorded a steep rise accordingly. Since most of the Group's sales orders in 2004 were concluded in the first half of the year, only a comparatively small portion of sales orders could be concluded at better selling prices. Hence, profit margin has been under immense pressure.

本人謹此向紅發集團有限公司(「本公司」)各股東提呈本公司及各附屬公司(合稱「本集團」)截至二零零四年十二月三十一日止年度之年報。

### 業績

本集團年內之營業額錄得583,085,000港元，較去年上升1.6%。經審核綜合股東應佔溢利下降38.8%至53,909,000港元。

### 股息

本公司董事建議向二零零五年五月二十七日名列股東名冊之本公司股東派發截至二零零四年十二月三十一日止年度之年終股息每股7港仙。連同年內派發之中期股息每股3港仙計算，本財政年度之股息合共為每股10港仙。

### 管理層討論及分析

#### 業務概覽

本集團於二零零四年業務持續穩定發展，營業額錄得溫和升幅。管理層認為，全球玩具市場呆滯不前，及部份購買能力已轉向電子及高科技玩具以及電視遊戲。

與中國大部份之工業製造業務相同，日益上升之生產成本對本集團之溢利能力構成不利影響。油價較去年大幅上升，並於二零零四年下半年錄得歷史新高。石油之副產品塑膠之價格因而急劇上升。由於本集團大部份於二零零四年之銷售訂單乃於該年上半年簽訂的，故僅可於相對較少部份之銷售訂單以較好的銷售價格完成交易。因此，邊際溢利嚴重受壓。

### MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

#### BUSINESS OVERVIEW (Continued)

Increasing statutory minimum wages, internal inflation as well as various social security requirements in the Pearl River Delta region also affected the operating costs of our production plants in Shenzhen and Dongguan. In addition, shortage of electricity, water and labor during the year made the situation more challenging. The management rescheduled the production schedule and made use of our own power generators and minimized the adverse impacts. The management also continued with tight cost control at all levels of production.

In spite of the tough business environment, the Group was able to achieve satisfactory profit in the year.

### FINANCIAL POSITION AND CAPITAL STRUCTURE

Notwithstanding the difficult operating environment, the Group maintained a healthy financial position. The Group's monetary transactions and deposits continue to be in the form of US Dollars, Renminbi and HK Dollars. The Group's deposits are placed with our principal bankers at competitive time-deposit interest rates. Bank deposit interest rates remained very low during the year and the Group placed more funds into mainly principal protected investments on short to medium term in order to achieve better yield. Net cash and bank balances and funds placed on such investments at the balance sheet date were HK\$151.3 million and HK\$73.8 million respectively.

The Group adopts a prudent management approach, and all of the Group's offices and factory premises are self-owned, with all machinery and equipment paid off from internal resources. At the balance sheet date, the Group has no borrowings.

### 管理層討論及分析 (續)

#### 業務概覽 (續)

珠三角地區之法定最低工資上升、內部通脹及不同種類之社會保險要求亦影響本集團位於深圳和東莞之生產廠房之經營成本。此外，年內電、水及勞工短缺令情況更具挑戰性。管理層已重新訂定生產時間表，並利用本集團之發電機，藉此將不利影響減低。此外，管理層已繼續在所有生產層面上嚴格推行成本控制。

儘管業務環境艱困，惟本集團仍能於年內取得滿意溢利。

### 財政狀況及股本架構

縱使經營環境困難，本集團仍能保持財政狀況穩健。本集團之貨幣交易及存款繼續以美元、人民幣或港元結算，而本集團之存款均按較優惠之定期存款利率存於各主要往來銀行。於本年度，由於銀行存款利率維持於極低水平，本集團將較多資金投放在主要保本投資項目上作短期至中期投資，藉此獲得較理想之收入。於結算日，現金淨額與銀行結餘及投放在該等投資項目上之資金分別為151,300,000港元及73,800,000港元。

本集團在管理方面採取審慎態度，本集團之所有辦公室及工廠物業均自資擁有，而所有機器及設備均以內部資源撥付。本集團於結算日並無任何借貸。

### BUSINESS PROSPECTS

2005 will be another challenging year. The oil price has risen again in early 2005 after the slight ease off in the latter part of 2004. Price of plastic raw material has increased again as from mid-February 2005. In addition, the local governments of Pearl River Delta region have recently raised the statutory minimum wages of workers by as much as approximately 27.5%. Therefore, the Group's profit margin would continue to be under pressure.

To offset the effect on profit margin from spiralling production costs, we have adjusted our prices as much as feasible. However, in view of keen competitions in the toy industry, it would be difficult to shift the entire burden to customers. Therefore, we will continue to develop high value-added new products and strive for cost saving through effective management on automation and production planning.

The new factory in He Yuan of Guangdong Province is now under construction and expects to commence production gradually from July or August this year. The He Yuan factory is part of the Group's long term strategic planning to counter the expectations that the operating cost in the Pearl River Delta region will continue to rise for the foreseeable future. The new factory in He Yuan should yield further cost saving in production in the future.

With clear strategies and healthy financial position, we are well prepared for the challenges ahead.

### 業務前景

本集團預期二零零五年將為另一個充滿挑戰之年度。油價於二零零四年年底微跌後於二零零五年年初再次回升。塑膠價格由二零零五年二月中旬再次上升。此外，珠三角地區當地之政府最近已提高工人法定最低工資，升幅約高達27.5%。因此，本集團之邊際溢利將持續受壓。

為紓緩不斷上升之生產成本對邊際溢利帶來之影響，本集團已致力調整其價格。然而，由於玩具業之競爭激烈，故此較為困難將所有負擔轉嫁於客戶。因此，本集團將繼續開發高增值之新產品，並透過有效管理自動化及生產規劃致力節約成本。

廣東省河源市之新廠房現正興建中，預期將於本年七月或八月開始漸漸投入生產。由於管理層預期珠三角地區之經營成本在可見的未來將持續激增，故河源市廠房被視為本集團之一項長遠策略性計劃。本集團預期河源市新廠房可於不久將來有助進一步節約本集團之成本。

藉著清晰的策略及穩健的財務狀況，本人相信，本集團已準備好面對前面的挑戰。

# CHAIRMAN'S STATEMENT

## 主席報告

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RBI HOLDINGS LIMITED 紅發集團有限公司

ANNUAL REPORT 2004 二零零四年年報

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December 2004, information on sales and purchases relating to the major customers and suppliers is summarized as follows:

#### Sales (Percentage over total sales)

The largest customer  
Five largest customers

#### 銷售(佔總銷售百分比)

最大客戶  
五大客戶

2004  
二零零四年

2003  
二零零三年

7%

9%

27%

32%

#### Purchases (Percentage over total purchases)

The largest supplier  
Five largest suppliers

#### 採購(佔總採購額百分比)

最大供應商  
五大供應商

13%

12%

37%

34%

None of the directors of the Company, their associates, or any shareholder which to the knowledge of the directors of the Company owns more than 5% of the Company's issued share capital had a beneficial interest in any of the Group's five largest customers or five largest suppliers for the year ended 31st December 2004.

截至二零零四年十二月三十一日止年度，本公司各董事、彼等之聯繫人士或據本公司董事所知擁有本公司已發行股本5%以上之股東概無擁有本集團五大客戶或供應商之實際權益。

### PERSONNEL

The average number of employees of the Group during the year was approximately 5,900 (2003: 5,800) of whom 740 (2003: 740) were office administration staff. Bonuses are awarded based on individual performance and are made available to certain employees of the Group.

### 員工

年內，本集團僱員之平均數目約為5,900人(二零零三年：5,800人)，其中740人(二零零三年：740人)為辦公室行政人員。本集團根據個別表現而向若干僱員發放花紅以示獎勵。

### APPRECIATION

I would like to thank my fellow directors, shareholders and business associates for their continued support, and to all our staff for their hard work and dedications in the past year.

### 致謝

本人藉此向各董事、股東及業務夥伴於過去一年對本集團之一直支持及各員工之辛勞及貢獻致以衷心感謝。

Yip Yun Kuen  
Chairman

主席  
葉潤權

13th April 2005

二零零五年四月十三日