

Chairman's Statement

SUMMARY OF RESULTS

The consolidated turnover of the Group for the year ended 31 March 2005 was approximately HK\$204,472,000 (2004: HK\$209,429,000). Net loss attributable to shareholders for the year was approximately HK\$26,969,000 (2003: HK\$10,640,000).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2005 (2004: nil).

REVIEW OF OPERATIONS

For the year ended 31 March 2005, the Group's turnover decreased slightly by 2.4% as compared to the previous year. Net loss attributable to shareholders widened to approximately HK\$26,969,000 as compared to HK\$10,640,000 in the previous year.

During the year, the Group experienced significant increases in the prices of all major raw materials, including plastic resin, steel, aluminum, and copper. In addition, the cost of thermostats and connectors, which are major components of kettles and sourced from the United Kingdom, also increased due to the appreciation of the Sterling Pound. The exchange rate between the Sterling Pound and Hong Kong Dollar reached a high of approximately 15.2 in December 2004. Faced with rising costs, the Group managed to renegotiate prices with some of the customers. However, due to keen market competition, it was difficult to shift the full extent of the cost increase to our customers.

In order to protect our profit margin under rising raw material costs, the Group exerted tremendous efforts in new product development. During the year ended 31 March 2005, the number of new products under development doubled as compared the previous year. Most of these new products will be launched during the Christmas season of 2005. As a result, we expect to see sales growth in the next financial year.



Chairman's Statement

PROSPECTS AND OUTLOOK

Electrical appliance manufacturers will continue to face a challenging environment in the coming year. Keen competition continues. Raw material prices remain high. Labour and power shortage in southern China may lead to escalation in wages and production interruptions respectively.

The Group will adopt a proactive approach in a changing business environment. We will continue to develop high-end products that command a better profit margin. We will control raw material costs by expanding our supplier base. We will closely monitor the labour supply in South China and make timely outsourcing decisions. Fortunately, we are not affected by power interruptions since we have our own power generators in our factory.

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 bankers and business associates for their continuing support.

Chan Tat

Chairman and Managing Director

Hong Kong, 25 July 2005

