

管理層討論及分析

Management
Discussion
and Analysis

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

In the year under review, trading and manufacturing of toy, gift and premium products remained the primary contributor to the Group's turnover, accounting for 87.9% of the consolidated turnover. In the midst of severe price competition, fluctuating material cost, shortage of labour, appreciation of Renminbi, 2005 is definitely a challenging year for toy manufacturers in mainland China. Nevertheless, the Group managed to record a turnover for its toy business of HK\$157.5 million, representing a substantial increase of HK\$43.8 million, or approximately 38.6% when compared with last year. Furthermore, the segment results raised by 28.7% from HK\$10.8 million in year 2004 to HK\$13.9 in year 2005.

Such an impressive performance is mainly attributable to the full operation of the Group's own manufacturing plant in Boluo, Huizhou. This well-equipped plant enhances the Group capacity and provides a secured foothold to meet the escalating demand from customers in quality, quantity and delivery that may not be fulfilled by outside contractors.

Consumer products business came as the second largest segment of the Company. Turnover generated in year 2005 was HK\$13.3 million and accounted for around 7.4% of the Group's total turnover. Compared with last year, turnover in consumer products segment dropped by HK\$27.4 million or 67.3% which was resulted from the disposal of the non-core food and beverage business in Singapore last year and the under-performed printing products business this year.

業務回顧

於回顧年度內，本集團營業額主要仍來自玩具、禮品及贈品之貿易及製造業務，佔綜合營業額87.9%。由於價格競爭激烈，原料成本波動、勞工短缺及人民幣升值，二零零五年確是中國大陸玩具生產商充滿挑戰的一年。然而，本集團玩具業務仍錄得港幣157,500,000元之營業額，較去年顯著增加港幣43,800,000元或約38.6%。此外，分類業績亦較二零零四年港幣10,800,000元上升28.7%至二零零五年港幣13,900,000元。

上述可喜的業績表現，主要歸因於本集團位於惠州市博羅縣的自置生產廠房全面投產。該廠房設備優良，既提升了集團產能，亦可作為穩當立腳點，以作為達到客戶在質量、數量及付運方面不斷增加的需求，勝過外界承包商。

消費產品乃本集團第二大業務分部。該分部於二零零五年之營業額為港幣13,300,000元，佔集團總營業額約7.4%。與去年比較，消費產品營業額下降了港幣27,400,000元或67.3%，此乃去年出售新加坡非核心食品飲料業務，及本年度出售表現欠佳的印刷產品業務的導致。



Management Discussion and Analysis

Similarly, weighting in securities trading decreased in this year even though the performance in this segment was benefited from the booming securities market. The Group recorded turnover of HK\$8.3 million and contribution of HK\$2.8 million from securities trading. However, as the Board has determined to focus its resources on the core toy business, weighting on consumer products and securities trading will continuously be diminished.

OPERATION REVIEW

Following the completion of the transfer of a piece of land and building erected thereon in March 2005, the Group smoothly consolidated its production facilities in Boluo, Huizhou. Commencement of full operation of this Great Force plant during the year also marked a new era of the Group as it was successfully transformed from a toy trading group into a toy manufacturer.

Great Force plant is erected on a parcel of self-owned land with site area of approximately 57,000 square meters and floor area of approximately 53,000 square meters. The plant is well-equipped with modernized and fully-integrated facilities for plastic injection, spray painting, assembly, packaging and warehousing. Geared with this plant, the production arrangement, shipping schedule and quality of workmanship are more controllable which enhance our confidence in meeting the unparalleled customers' demand. The Group keeps on refining the production process and upgrading the facilities so as to uplift the efficiency and production capacity.

管理層討論及分析

同樣地，即使證券買賣業務受惠於股市興旺，此分部的比重亦有所減少。本集團證券買賣業務錄得營業額港幣8,300,000元，貢獻港幣2,800,000元。然而，由於董事會決定集中資源發展核心玩具業務，相信消費產品及證券買賣業務的比重將繼續減少。

經營回顧

二零零五年三月完成轉讓一幅土地及於此建立的樓房後，本集團順利整合其於惠州市博羅縣的生產設施。年內宏科廠房全面投產，亦標誌著本集團步入一個新紀元，順利由玩具貿易集團轉型為玩具製造商。

宏科廠房建於一幅自置土地，地盤面積約57,000平方米及樓面面積約53,000平方米。該廠房設備精良，配有現代化一條龍注塑、噴漆、裝配、包裝及倉存設施。配備了宏科廠房，使生產管理、發貨安排及工藝質量變得更可控制，提升了集團迎合客戶各種獨特要求的信心。本集團將繼續改良生產程式，提升設施以提高生產效率及產能。



Management Discussion and Analysis

管理層討論及分析

Material disposal of subsidiaries

During the year, the Group had disposed of Maple Force Limited, a company in which the Group had 70% equity interest prior to the disposal, together with the amount due from Maple and its subsidiary at an aggregate consideration of HK\$2.7 million. Maple and its subsidiary are engaged in the trading and manufacturing of printing products and have suffered from losses over the past years.

附屬公司重大出售

於本年度，本集團以合共2,700,000港元之代價出售Maple Force Limited(出售前本集團佔其70%權益)以及應收Maple及其附屬公司之款項。Maple及其附屬公司之主要業務為印刷產品之買賣及生產，並於過往年度蒙受虧損。

FINANCIAL REVIEW

財務回顧

Review of Results

The Group reported a turnover of approximately HK\$179.1 million for the year ended 31 December 2005, representing an increase of HK\$13.8 million or 8.4% over that of last year. The increase in turnover is mainly attributable to the operation of the Group's own manufacturing plant in Boluo, Huizhou which increases the capacity of the Group. The Group generated a gross profit of HK\$28.8 million, an increase of HK\$0.6 million when compared with last year.

業績回顧

本集團於截至二零零五年十二月三十一日止年度之營業額約為港幣179,100,000元，較去年增加港幣13,800,000元或8.4%。營業額增加主要歸因於本集團於惠州博羅自置廠房投產並增加了集團之產能。本集團錄得毛利港幣28,800,000元，較去年增加港幣600,000元。

Profits attributable to the equity holders of the Company is HK\$10.1 million, an impressive rebound from loss of HK\$6.2 million suffered last year. Basic earnings per share for the year ended 31 December 2005 is HK0.64 cents.

本公司股東應佔溢利為港幣10,100,000元，較去年虧損港幣6,200,000元大幅反彈。截至二零零五年十二月三十一日止年度每股基本盈利為港幣0.64仙。

Liquidity and Financial Resources

流動性及財務資源

As at 31 December 2005, total borrowings of the Group amounted to HK\$8.3 million (2004: nil), of which HK\$3.4 million was repayable within one year. The borrowings include an unsecured loan of HK\$3.0 million and obligations under finance lease of HK\$5.3 million secured by charge on certain plant and machinery of the Group with a net asset value of HK\$6.0 million as at 31 December 2005.

於二零零五年十二月三十一日，本集團之總借貸為港幣8,300,000元(二零零四年：無)，其中港幣3,400,000元須於一年內償還。借貸包括無抵押貸款港幣3,000,000元及融資租賃承擔港幣5,300,000元，乃以本集團於二零零五年十二月三十一日資產淨值港幣6,000,000元之若干廠房及機器作抵押。

Management Discussion and Analysis

The gearing ratio, expressed as the percentage of total liability over equity attributable to the equity holders of the Company, of the Group as at 31 December 2005 dropped to 62.0% (2004: 89.9%) due to the exercise of the conversion right of the convertible notes and the partial repayment of certain non-current liabilities.

Capital Structure

During the year, the conversion rights of the convertible notes in an aggregate amount of HK\$2.5 million were fully exercised by the holders. Consequently, a total of 50 million new shares in the capital of the Company were issued and allotted and each of Mr. Leung Wai Ho (the chairman of the Company) and Mr. Wong Chung Shun (the deputy chairman of the Company) was allotted 22.5 million new shares. As at 31 December 2005, there is no outstanding convertible notes and other similar rights other than the share options granted under the share option scheme of the Company.

Exposure to Exchange Rates

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi. As Hong Kong dollars is pegged to United States dollars and the fluctuation in the exchange rate between Hong Kong dollars and Renminbi is relatively mild, the Group's exposure to foreign currency risk is minimal and thus has not undertaken any hedging activity during the year under review.

管理層討論及分析

本集團於二零零五年十二月三十一日之資本與負債比率，即負債總額對本公司權益持有人之百分比降至62.0%（二零零四年：89.9%），原因是行使可換股票具之換股權及部分償還若干非流動負債所致。

資本架構

總額為港幣2,500,000元之可換股票據之換股權由其持有人於年內悉數行使。因此，本公司股本中合共50,000,000股新股份予以發行及配發，而梁蔚豪先生（本公司主席）與黃仲遜先生（本公司副主席）各獲配發22,500,000股新股份，於二零零五年十二月三十一日，除根據本公司購股權計劃授出之購股權外並無未行使可換股票據及其他類似權利。

匯率風險

本集團之業務交易、資產及負債主要以港幣、美元及人民幣計值。由於港幣與美元掛鈎，而港幣與人民幣之匯率波動不大，故本集團面對之外匯風險不大，亦因此而並無於回顧年度內進行對沖活動。



Management Discussion and Analysis

管理層討論及分析

Contingent Liabilities

The Group has no material contingent liabilities save that a writ of summons dated 8 October 2004 was filed by Mr. Kwok Chin Wing, a former director of the Company against the Company in respect of the loans due from two former subsidiaries of the Company for a sum of approximately HK\$44.5 million together with related interests. The Company had already completed discovery of documentary evidence and exchange of witness statement and is ready to set the litigation down for trial. The directors of the Company, after seeking legal advices, are of the opinion that the plaintiff does not have a valid claim against the Company and therefore it is unlikely to have material adverse financial impact on the Group.

EMPLOYEES

As at 31 December 2005, the Group had approximately 1,050 employees (2004: 98) in Hong Kong and the PRC. The considerable increase in workforce was mainly due to the full operation of the Group's manufacturing plant in Boluo, Huizhou, Guangdong in 2005.

To attract, retain and motivate its employees, the Group has developed effective remuneration policies that are subject to review on regular basis. The Group's employees are remunerated with competitive packages which are in line with prevailing industry practice and individual performance. Furthermore, share option and performance-based bonus scheme are also in place to recognize the outstanding employees.

或然負債

本集團並無重大或然負債，惟於二零零四年十月八日，本公司前董事郭展榮先生就本公司兩家前附屬公司所欠貸款約港幣44,500,000元連同應計利息向本公司發出傳訊令狀。本公司已完成透露證明文件及交換證人陳述書。並已就訴訟之法庭審訊作充份準備。董事在尋求法律顧問意見後認為，原告人並無有效理據控訴本公司，因而此事不應對本集團之財政狀況構成重大不利影響。

僱員

於二零零五年十二月三十一日，本集團於香港及中國僱用約1,050名僱員（二零零四年：98名）。人手大幅增加主要是因為本集團於廣東省惠州博羅縣之生產廠房於二零零五年起全面投產所致。

為吸引、挽留及激勵僱員，本集團已訂出有效之薪酬政策並予以定期檢討。本集團僱員之薪津組合極具吸引力，與當前業內市況看齊且與個人表現掛鉤。此外，本集團亦設有購股權計劃及績效花紅計劃以獎勵傑出僱員。

