

# A WINNING GAME

**C**onducting business in difficult times is not child's play, but toys manufacturer Pacific Industries Ltd is clearly ahead of the game.

Not only is the company staying comfortably afloat in the global financial storm, but it has also turned the wave of challenges into opportunities.

"Even with the economic downturn and financial crisis, our sales turnover was up 42% in 2008, and we expect growth of about 50% in 2009," says Managing Director Erik Chan.

"Tough conditions always separate the wheat from the chaff," he explains. "What with rising raw materials costs, financing difficulties and falling demand, many small factories have closed down over the past few months."

The resulting reduction in supply plays into the hands of strong, well-established manufacturers such as Pacific Industries, which has grown by leaps and bounds since its establishment in 2003.

"We are confident that we will continue to see strong growth over the next few years,"

Mr Chan says. "Our relationships with customers are all long-term ones, and they are all first-tier clients."

TEXT BY CHIARA WONG

With two factories on the Chinese mainland, the OEM/ODM enterprise supplies mainly the US, and to a lesser extent Europe and Asia.

Among its hottest products is the Bakugan Battle Brawlers, a game based on the Japanese anime television series of the same name in which players toss small balls that pop open into dragons and warriors when thrown onto magnetic game cards.

"We are one of the OEM suppliers of Bakugan Battle Brawlers and their distributor estimates that 600,000 of these games are sold globally every day," claims Chief Financial Officer and Factory Manager Danny Leung.

Another best-selling line is the Luke Skywalker Force FX Lightsaber Collection, which comprises seven official replicas of different lightsabers from the *Star Wars* movies.

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"The Lightsabers are made to look exactly like those from the movie. Luke Skywalker's Lightsaber has a glowing blue blade, Darth Vader's is a glowing red, and Yoda's is bright green. The Lightsabers also come with a whoozing noise and sounds exactly like those from the movies," Mr Leung enthuses.

"The glow-in-the-dark quality of the Lightsabers is made possible by small LED light bulbs, which are wrapped in foam inside a transparent PC tube that acts as the blade," he notes, adding that the toys operate on either three AA batteries or three AAA batteries, depending on the model.

The toys are not the only ones glowing — so are their sales. "These Lightsabers sold more than one million units in 2007, and sales are still going strong as the toys have a strong following among die-hard *Star Wars* fans," Mr Leung remarks.

"We are now developing new models for this popular collection, which we have been producing on an ODM basis since 2004."

Product development is a forte of Pacific Industries, which is constantly working to incorporate new technology into its toys and games.

Among the latest successes is an "intelligent" golf club with imbedded software that monitors a player's tempo, speed and direction as he swings the club.

"The idea is to enable people to learn to play golf anywhere, such as in the office, because there's no need to hit a ball. You swing the golf club in the air and the sensor will tell you how you fare," explains Mr Leung. "Our tentative plan is to launch this in the next few months."

While specialising in toys and games, the company knows better than to put all its eggs into one basket. "Our core business is toy production, but 15% of our business is non-toys," advises Mr Leung.

"Demand for toys is seasonal, with April to October being the peak period. In other months, we turn our attention to non-toys," he says, giving the example of a range of award-winning battery-operated can openers and salt-and-pepper grinders produced on an OEM basis for a Singaporean client.

With such a sound business strategy and innovative product launches in the pipeline, Pacific Industries Ltd is certain to remain at the top of its game for years to come. ■



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