

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries did not change during the year and consist of the design, manufacture and sale of a wide range of toys. The Group has scaled down its operation during the year.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to loss from operating activities by principal activity and geographical area of operations for the year ended 31 March 2001 is as follows:

董事會謹此提呈本公司及本集團截至二零零一年三月三十一日止年度之董事會報告及經審核財務報告。

主要業務

本公司之主要業務為投資控股。附屬公司之主要業務於年內並無改變，包括設計、製造及銷售廣泛種類之玩具。本集團於年內按比例縮減其業務。

分類資料

本集團截至二零零一年三月三十一日止年度，按主要業務及經營地區劃分之營業額及虧損貢獻分析如下：

		2001		2000	
		二零零一年		二零零零年	
	Turnover 營業額 HK\$'000 千港元	Contribution to loss from operating activities 虧損貢獻 HK\$'000 千港元	Turnover 營業額 HK\$'000 千港元	Contribution to profit from operating activities 溢利貢獻 HK\$'000 千港元	
By principal activity:	按主要業務劃分：				
Manufacture and sale of:	製造及銷售：				
Ride-on cars	兒童座車	53,669	(39,287)	160,086	20,890
Bicycles and tricycles	單車及三輪車	59,624	(40,461)	87,155	11,491
Stuffed toys	毛絨玩具	9,805	(8,952)	22,274	2,908
Pre-school toys	學前玩具	11,130	(9,679)	21,085	2,581
Scooter	滑板車	68,454	(89,847)	-	-
Others	其他	-	(81,768)	-	-
		<u>202,682</u>	<u>(269,994)</u>	<u>290,600</u>	<u>37,870</u>



SEGMENTAL INFORMATION (Continued)

Others represented a contribution to loss from operating activities attributable to provisions, which are not directly arising from different segments of the Group's principal activities, including certain provisions for other receivables, provisions for impairment of fixed assets, provisions against advances to a company, provisions against deposits made to certain suppliers, provisions for potential claim as detailed in note 5 to the financial statements:

		2001 二零零一年		2000 二零零零年	
		Turnover 營業額 HK\$'000 千港元	Contribution to loss from operating activities 虧損貢獻 HK\$'000 千港元	Turnover 營業額 HK\$'000 千港元	Contribution to profit from operation activities 虧損貢獻 HK\$'000 千港元
By geographical area:	按地區劃分:				
North America – United States of America	北美洲 – 美利堅合眾國	52,546	(38,149)	163,257	21,320
Europe	歐洲	36,231	(16,971)	50,167	6,509
Central and South America	中美洲及南美洲	25,963	(20,353)	35,396	4,625
The Asia Pacific Region	亞太區	77,705	(185,172)	21,157	2,726
The Middle East	中東	9,468	(8,454)	18,607	2,433
Others	其他地區	769	(895)	2,016	257
		<u>202,682</u>	<u>(269,994)</u>	<u>290,600</u>	<u>37,870</u>

RESULTS

The Group's loss for the year ended 31 March 2001 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 36 to 80.

SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the published results of the Group for each of the five years ended 31 March 2001 prepared on the basis set out in note 2 below.

分類資料 (續)

其他指撥備分佔之經營業務虧損貢獻 (即並非直接來自本集團主要業務之各個分部), 包括其他應收賬目之若干撥備、固定資產減值撥備、向一家公司墊付款項之撥備、向若干供應商繳付之按金之撥備及潛在索償之撥備, 詳情見財務報告附註5:

	2001 二零零一年		2000 二零零零年	
	Turnover 營業額 HK\$'000 千港元	Contribution to loss from operating activities 虧損貢獻 HK\$'000 千港元	Turnover 營業額 HK\$'000 千港元	Contribution to profit from operation activities 虧損貢獻 HK\$'000 千港元
By geographical area:				
North America – United States of America	52,546	(38,149)	163,257	21,320
Europe	36,231	(16,971)	50,167	6,509
Central and South America	25,963	(20,353)	35,396	4,625
The Asia Pacific Region	77,705	(185,172)	21,157	2,726
The Middle East	9,468	(8,454)	18,607	2,433
Others	769	(895)	2,016	257
	<u>202,682</u>	<u>(269,994)</u>	<u>290,600</u>	<u>37,870</u>

業績

本集團截至二零零一年三月三十一日止年度之虧損及本公司與本集團於該日之業務狀況列載於第36至第80頁之財務報告。

財務資料概要

以下為本集團截至二零零一年三月三十一日止五個年度各年之公佈業績概要, 乃按下文附註2所載基準編製。

**ASSETS AND LIABILITIES (Continued)***Notes:*

1. The summary of the published results of the Group for the year ended 31 March 1997 has been extracted from the Company's prospectus dated 25 February 1998. Such summary was prepared based on the audited financial statements of the companies then comprising the Group, after appropriate adjustments and reclassifications, as if the then current structure of the Group had been in existence throughout the financial year. This summary is not part of the audited financial statements.
2. Because the Company was incorporated on 11 December 1997, the only audited consolidated balance sheets for the Group that have been prepared to date are as at 31 March 1998, 1999, 2000 and 2001.

FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 12 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 13 to the financial statements.

資產與負債 (續)*附註:*

1. 本集團截至一九九七年三月三十一日止年度之公佈業績概要，摘錄自本公司於一九九八年二月二十五日刊發之售股章程，此概要乃根據當時組成本集團屬下各公司之經審核財務報告編製，並已作出適當調整及重列，編製時假設本集團之現有結構在該等財政年度內一直存在。此概要並非經審核財務報告的一部分。
2. 由於本公司於一九九七年十二月十一日註冊成立，故本集團只有於一九九八年、一九九九年、二零零零年及二零零一年三月三十一日之經審核綜合資產負債表。

固定資產

本集團固定資產之變動詳情，載於財務報告附註12。

附屬公司

本公司各附屬公司之詳情載於財務報告附註13。

BORROWINGS

Details of the Group's borrowings as at 31 March 2001 are set out in notes 17 to 19 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

63% of the Group's turnover was attributable to the Group's five largest customers. Sales to the Group's largest customer accounted for 27% of the Group's turnover for the year.

88% of the Group's total purchases was attributable to the Group's five largest suppliers. Purchases from the Group's largest supplier accounted for 25% of the Group's purchases for the year.

To the best of the knowledge of the directors, neither the directors, their associates, nor any shareholders who own more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers and suppliers during the year.

借貸

本集團於二零零一年三月三十一日之借貸詳情，載於財務報告附註17至19。

主要客戶及供應商

本集團五大客戶佔本集團營業額63%，而最大客戶則佔本集團年內營業額之27%。

本集團五大供應商佔本集團總採購額88%，而最大供應商則佔本集團年內採購額之25%。

據董事所知，董事、其聯繫人士，以及任何擁有本公司已發行股本逾5%之股東，於年內概無持有本集團五大客戶或供應商之任何實質權益。



DIRECTORS

The directors of the Company during the year were:

Lo Ming Chi (<i>Chairman</i>)	(appointed on 7 December 2000)
Chin Wai Keung, Richard	(appointed on 11 December 2000)
Chan Chun Hong, Thomas	(appointed on 30 October 2000)
Chan Chun Hung	(resigned on 11 October 2000)
Wong Kin Ching	(resigned on 11 October 2000)
Wong Wan Kuen	(resigned on 11 October 2000)
Ho Sun Fung, Allan	(appointed on 11 October 2000 and resigned on 12 December 2000)
Tam Sun Wing	(appointed on 11 October 2000 and resigned on 7 December 2000)
Wu Ching Yan, Stina	(appointed on 11 October 2000 and resigned on 30 October 2000)
Wu Wing Kit **	(appointed on 7 December 2000)
Yuen Chi Choi, Simon **	(appointed on 7 December 2000)
Au Son Yiu **	(resigned on 7 December 2000)
Goh Gen Cheung **	(resigned on 7 December 2000)

** *Independent non-executive directors*

董事

年內本公司之董事如下：

勞明智 (主席)	(於二零零零年十二月七日獲委任)
錢偉強	(於二零零零年十二月十一日獲委任)
陳振康	(於二零零零年十月三十日獲委任)
陳振洪	(於二零零零年十月十一日辭任)
黃見貞	(於二零零零年十月十一日辭任)
黃雲娟	(於二零零零年十月十一日辭任)
何晨風	(於二零零零年十月十一日獲委任並於二零零零年十二月十二日辭任)
譚新榮	(於二零零零年十月十一日獲委任並於二零零零年十二月七日辭任)
胡靜忻	(於二零零零年十月十一日獲委任並於二零零零年十月三十日辭任)
胡永傑 **	(於二零零零年十二月七日獲委任)
袁致才 **	(於二零零零年十二月七日獲委任)
區榮耀 **	(於二零零零年十二月七日辭任)
葛根祥 **	(於二零零零年十二月七日辭任)

** 獨立非執行董事

DIRECTORS (Continued)

Subsequent to the balance sheet date, on 11 April 2001, Mr. Chin Wai Keung resigned from an executive director and appointed as a non-executive director of the Company. On the same date, Mr. Yu Wai Man was appointed as an executive director of the company.

In accordance with articles 86(2) of the Company's bye-laws, Mr. Lo Ming Chi, Mr. Yu Wai Man, Mr. Chin Wai Keung and Mr. Wu Wing Kit will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

In accordance with articles 86(2) of the Company's bye-laws, Mr. Chan Chun Hong and Mr. Yuen Chi Choi will retire at the forthcoming annual general meeting and will not offer themselves for re-election.

The directors of the Company, including the non-executive directors, but excluding the executive Chairman, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the remuneration of the directors of the Company are set out in note 7 to the financial statement.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, together with the reasons therefor, and details of the Company's share options and warrants, are set out in note 23 to the financial statements.

董事 (續)

於二零零一年四月十一日結算日後，錢偉強先生辭去執行董事一職，並獲委任為本公司非執行董事。同日，余偉文先生獲委任為本公司執行董事。

根據本公司之公司細則第86(2)條，勞明智先生、余偉文先生、錢偉強先生及胡永傑先生將於即將召開之股東週年大會上依章告退，惟願膺選連任。

根據本公司之公司細則第86(2)條，陳振康先生及袁致才先生將於即將舉行之股東週年大會上依章告退，惟將不會膺選連任。

本公司董事（包括非執行董事，惟不包括執行主席）須根據本公司之公司細則條文於即將召開之股東週年大會上依章告退並膺選連任。

董事之服務合約

於即將舉行之股東週年大會上膺選連任之董事，概無與本公司訂立不可於一年內由本公司不作出賠償（法定賠償除外）而終止之服務合約。

董事酬金

本公司之董事酬金詳情載於財務報告附註7。

股本、購股權及認股權證

本公司之股本變動詳情，連同變動理由，以及本公司之購股權及認股權證詳情，載於財務報告附註23。



RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 24 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2001, the Company had no reserves available for cash distribution and/or distribution in specie. In accordance with the Companies Act 1981 of Bermuda, the contributed surplus may be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account, with a balance of approximately HK\$44,397,000 as at 31 March 2001, may be distributed in the form of fully paid bonus shares.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

None of the directors, or their associates, had any personal, family, corporate or other beneficial interest in the issued share capital of the Company or any of its associated corporations, as recorded in the register that was required to be kept under Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Under the terms of the share option scheme (the "Scheme") adopted by the Company on 17 February 1998, the board of directors was authorised at its absolute discretion, to grant options to employees including executive directors of the Company or any of its subsidiaries to subscribe for shares in the Company. Further details of the share option scheme are set out in note 23 to the financial statements.

儲備

本公司及本集團之儲備變動詳情載於財務報告附註24。

可供分派儲備

於二零零一年三月三十一日，本公司並無可作現金分派及／或實物分派之儲備。根據百慕達一九八一年公司法，本公司目前未能負擔可於若干情況下分派之繳納盈餘。此外，本公司股份溢價賬於二零零一年三月三十一日之結餘約為44,397,000港元，可以繳足紅股形式作出分派。

董事之股份及認股權證權益

概無董事及其聯繫人士持有須記錄於根據披露權益條例第29條規定須予設置之登記冊，或在其他情況下根據上市公司董事進行證券交易的標準守則知會本公司及香港聯合交易所有限公司（「聯交所」）之本公司或其任何相聯法團之已發行股本之個人、家族、公司或其他實益權益。

董事購買股份之權利

根據本公司於一九九八年二月十七日採納之購股權計劃（「該計劃」）條款，本公司董事會可使用酌情權，向本公司或其任何附屬公司之僱員，包括執行董事，授予購股權以認購本公司股份。購股權計劃之詳情載於財務報告附註 23。

DIRECTORS' RIGHTS TO ACQUIRE SHARES (Continued)**董事購買股份之權利 (續)**

Under the schemes, options granted to the following directors and outstanding at 31 March 2001 were as follows:

根據該計劃，於二零零一年三月三十一日授予若干董事而仍未行使之購股權詳情如下：

Director	董事	Number share options granted 授出 購股權數目	Exercise period 行使期	Exercise price per share 每股 行使價 HK\$ 港元
Mr. Chan Chun Hung	陳振洪先生	30,000,000	21/7/1999 – 16/2/2008	0.046
		50,000,000	25/10/2000 – 16/2/2008	0.03472
Ms. Wong Kin Ching	黃見貞先生	30,000,000	21/7/1999 – 16/2/2008	0.046

All the above directors resigned from the Company on 11 October 2000.

以上各位董事已於二零零零年十月十一日向本公司辭任。

The above outstanding share options and exercise prices are stated after adjustments following a share subdivision during the year. Further details of the adjustments are set out in note 23 to the financial statements and the Company's circular to the shareholders dated 20 March 2000.

上述尚未行使之購股權及行使價乃按年內股份分拆而調整後呈列。有關調整詳情載於財務報告附註23及本公司於二零零零年三月二十日致股東之通函。

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

除上文所述者外，本公司或其任何附屬公司於年內未曾訂立任何安排，使本公司董事、彼等各自之配偶或18歲以下之子女可透過購買本公司或其他任何法人團體之股份或債券而獲利。





DIRECTORS' INTERESTS IN CONTRACTS

No director had a beneficial interest, either direct or indirect, in any contract of significance to the business of the Company to which the Company, its holding company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2001, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests that are required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name
名稱

Baxter Resources S.A.

On 24 November 2000, Baxter Resources S.A. ("Baxter") pledged 1,565,140,000 ordinary shares of HK\$0.01 each in the Company to E-Bigger Investment Limited ("E-Bigger"), an independent third party, to secure loan facilities granted by E-Bigger for its own financial use. Baxter is beneficially owned as to 75% by Mr. Chan Chun Hung and as to the remaining 25% by Ms. Wong Kin Ching. They were the former directors of the Company.

董事之合約權益

董事於年內在與本公司、其控股公司或其任何附屬公司訂立對本公司業務而言為重要之合約中，概無直接或間接擁有實質權益。

主要股東

於二零零一年三月三十一日，本公司根據披露權益條例第16(1)條規定須存置之權益登記冊記錄，以下股東為擁有本公司已發行股本10%或以上權益。

Number of ordinary shares held	Percentage of issued shares
持有普通 股數目	佔已發行 股份百分比

1,595,140,000	64%
---------------	-----

於二零零零年十一月二十四日，Baxter Resources S.A. (「Baxter」)將其於本公司之1,565,140,000股每股面值0.01港元普通股抵押予一名獨立第三者E-Bigger Investment Limited (「E-Bigger」)，以取得E-Bigger授出之貸款融資，以供其作為本身之財務運用。陳振洪先生實益擁有Baxter之75%權益，而餘下之25%由黃見貞女士擁有。彼等為本公司之前任董事。

RETIREMENT SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. The Scheme became effective on 1 December 2000. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the Scheme except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Scheme. Prior to the Scheme being effective, the Group did not operate a pension scheme for its employees in Hong Kong.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, its holding company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CONNECTED TRANSACTION

During the year, certain major beneficial shareholders and ex-directors of the Company executed personal guarantees in respect of certain banking facilities granted by a bank of the Group.

退休計劃

根據強制性公積金計劃條例，本集團為強制性公積金退休保障計劃（「該計劃」）內合資格參與之僱員安排一項定額供款之強制性公積金退休保障計劃。該計劃於二零零零年十二月一日起生效。根據該計劃之規則，供款按僱員基本薪酬之一定百分比計算，並於支付時在損益賬中扣除，該計劃之資產乃以獨立管理基金方式與本集團之資產分開持有。根據該計劃之規則，本集團在繳納僱主供款後，該等供款即全數歸僱員所有，惟本集團之僱主自願性供款則除外，倘僱員在可全數領取供款前離職，則此部分之供款將發還予本集團。在該計劃生效前，本集團在香港未有為其僱員安排退休金計劃。

購買、贖回或出售上市證券

本公司、其控股公司或其任何附屬公司年內概無購買、贖回或出售任何本公司上市證券。

優先購買權

本公司之公司細則或百慕達（為本公司註冊成立之司法權管轄區）法例並無有關優先購買權之規定，故本公司無須按比例發售新股予現有股東。

關連交易

年內，本公司若干主要實益股東及前任董事就本集團一間往來銀行給予之若干銀行融資作出個人擔保。



COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of the Stock Exchange, throughout the year covered by the annual report.

The Independent non-executive directors are not appointed for a specific term because all of the directors, excluding the executive Chairman, and without limitation to non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice, as set out in Appendix 14 of the Listing Rules of the Stock Exchange, the Company set up an Audit Committee (the "Committee") with written terms of reference, for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Committee comprises two independent non-executive directors.

AUDITORS

Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lo Ming Chi
Chairman

Hong Kong
26 July 2001

遵守最佳應用守則

董事會認為，本公司於年報涵蓋之整個年度內一直遵守聯交所上市規則附錄14之最佳應用守則。

獨立非執行董事並無指定任期，因所有董事（不包括執行主席，亦不限於非執行董事）須根據本公司之公司細則於本公司之股東週年大會上輪值告退及膺選連任。

審核委員會

為遵守聯交所上市規則附錄14所載經修訂之最佳應用守則，本公司成立審核委員會（「委員會」），並制訂書面職權範圍，以審閱及監督本集團之財務申報程序及內部控制。委員會由兩位獨立非執行董事組成。

核數師

安永會計師事務所任期屆滿，本公司將於即將舉行之股東週年大會上提呈一項決議案，重新委任其為本公司之核數師。

董事會代表

主席
勞明智

香港
二零零一年七月二十六日