

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of the design, manufacture and sale of a wide range of toys. There were no significant changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31 March 2002 is set out in note 5 to the financial statements.

RESULTS

The Group's loss for the year ended 31 March 2002 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 33 to 108.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

董事會謹此提呈本公司及本集團截至二零零二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包括設計、製造及銷售廣泛種類之玩具。本集團之主要業務性質於年內並無重大改變。

分類資料

本集團截至二零零二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業績貢獻分析，載於財務報告附註5。

業績

本集團截至二零零二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財務報告第33至第108頁。

財務資料概要

以下為本集團過往五個財政年度之業績及資產與負債概要，乃摘錄自己刊發之經審核財務報告。本概要並不構成本經審核財務報告之其中部份。

RESULTS

業績

		Year ended 31 March 截至三月三十一日止年度				
		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元	1998 一九九八年 HK\$'000 千港元
Turnover	營業額	47,408	202,682	290,600	241,254	223,713
Profit/(loss) before tax	除稅前溢利／(虧損)	(59,284)	(283,689)	30,286	32,029	52,649
Tax	稅項	-	4,354	(4,091)	11,328	(8,049)
Net profit/(loss) from ordinary activities attributable to shareholders	股東在日常業務上應佔淨純利／(淨虧損)	(59,284)	(279,335)	26,195	43,357	44,600

ASSETS AND LIABILITIES

資產與負債

		31 MARCH 三月三十一日				
		2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元	2000 二零零零年 HK\$'000 千港元	1999 一九九九年 HK\$'000 千港元	1998 一九九八年 HK\$'000 千港元
Total assets	總資產	127,116	141,004	392,552	259,855	192,757
Total liabilities	總負債	(255,512)	(210,576)	(163,841)	(114,032)	(80,767)
		(128,396)	(69,572)	228,711	145,823	111,990

FIXED ASSETS

固定資產

Details of movements in the fixed assets of the Group during the year are set out in note 14 to the financial statements.

本集團固定資產之變動詳情，載於財務報告附註14。

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year, together with the reasons therefor, are set out in note 25 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2002, the Company had no reserves available for cash distribution and/or distribution in specie as computed in accordance with the Companies Act of Bermuda. However, the contributed surplus may be distributed in certain circumstances which the Company is presently unable to meet, while the share premium of the Company may be distributed in the form of fully paid bonus. As at 31 March 2002, the Company's contributed surplus and share premium account amounted to HK\$112,906,000 in aggregate.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 34% of the total sales for the year and sales to the largest customer included therein accounted for approximately 12%.

In the year under review, purchases from the Group's five largest suppliers accounted for 47% of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 28%.

股本、購股權及認股權證

本公司之股本、購股權及認股權證於年內之變動詳情，連同變動理由，載於財務報告附註25。

儲備

本公司及本集團儲備於年內之變動詳情載於財務報告附註26。

可供分派儲備

於二零零二年三月三十一日，根據百慕達公司法計算，本公司並無可作現金分派及／或實物分派之儲備。然而本公司尚有可於若干情況下（本公司目前未能符合此情況）分派之繳納盈餘，而本公司之股份溢價賬亦可以繳足紅股形式作出分派。於二零零二年三月三十一日本公司之繳納盈餘及股份溢價賬合共為112,906,000港元。

主要客戶及供應商

於回顧年度內，本集團五大客戶佔本集團年內營業額34%，而最大客戶則佔本集團年內營業額之約12%。

於回顧年度內，本集團五大供應商佔本集團年內總採購額47%，而最大供應商則佔本集團年內採購額之約28%。

MAJOR CUSTOMERS AND SUPPLIERS (Continued)

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the year.

DIRECTORS

The directors of the Company during the year were:

Executive directors

Lo Ming Chi, Charles (*Chairman*)
Yu Wai Man
(*appointed on 11 April 2001*)
Chin Wai Keung, Richard
(*resigned on 11 April 2001*)
Chan Chun Hong, Thomas
(*resigned on 24 August 2001*)

Independent non-executive directors

Wu Wing Kit
Wong Kwok Tai
(*appointed on 24 August 2001*)
Yuen Chi Choi
(*resigned on 24 August 2001*)

Non-executive director

Chin Wai Keung, Richard
(*appointed on 11 April 2001 and
resigned on 21 December 2001*)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Wong Kwok Tai will retire and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

主要客戶及供應商 (續)

據董事所知，本公司董事或其任何聯繫人士或擁有本公司已發行股本逾5%之任何股東，於年內概無持有本集團五大客戶或五大供應商之任何實質權益。

董事

年內本公司之董事如下：

執行董事

勞明智 (主席)
余偉文
(於二零零一年四月十一日獲委任)
錢偉強
(於二零零一年四月十一日辭任)
陳振康
(於二零零一年八月二十四日辭任)

獨立非執行董事

胡永傑
黃國泰
(於二零零一年八月二十四日獲委任)
袁致才
(於二零零一年八月二十四日辭任)

非執行董事

錢偉強
(於二零零一年四月十一日獲委任
及於二零零一年十二月二十一日辭任)

根據本公司之公司細則第86(2)條，黃國泰先生將於即將舉行之股東週年大會上依章告退，惟符合資格，並願膺選連任。

Non-executive director (Continued)

In accordance with Bye-law 87(1) and 87(2) of the Company's Bye-laws, Mr. Wu Wing Kit will retire by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

The directors of the Company, including the independent non-executive directors but excluding the Chairman of the board of directors, are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-laws.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 11 of the annual report.

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' INTERESTS IN CONTRACTS

Save as disclosed in note 33 to the financial statements, no director had a material interest, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year.

非執行董事 (續)

根據本公司之公司細則87(1)及87(2)條，胡永傑先生將於即將舉行之股東週年大會上輪值告退，惟符合資格，並願膺選連任。

本公司之董事包括獨立非執行董事，但不包括董事會主席，並須根據本公司之公司細則之條文輪值告退及膺選連任。

董事及高級管理人員履歷

本公司董事及本集團高級管理人員履歷之詳情，載於年報第9至第11頁。

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。

董事之合約權益

除財務報告附註33所披露者外，董事於年內在與本公司或其任何附屬公司訂立對本集團業務而言為重要之合約中，概無擁有實質權益。

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the 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 Company Act of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

None of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities 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 Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as otherwise noticed 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 OR DEBENTURES

Apart from as disclosed under the heading "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

購買、贖回或出售上市證券

本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之上市證券。

優先購買權

本公司之公司細則或百慕達公司法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。

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。

董事購買股份或債券之權利

除下文「購股權計劃」一段所披露者外，於年內任何時間，任何董事或彼等各自之配偶或18歲以下子女概無獲授任何可藉收購本公司股份或債券而獲得利益之權利，彼等亦概無行使任何該等權利，而本公司、其控股公司或其任何附屬公司亦概無訂立任何安排，使董事可自任何其他法團獲得該等權利。

SHARE OPTION SCHEME

Pursuant to a share option scheme adopted by the Company on 17 February 1998 (the "Scheme"), the directors of the Company were authorised, on or before 16 February 2008, at their discretion to invite any employees, including the executive directors of the Company or any of its subsidiaries, to take up options to subscribe for shares of the Company. The subscription price will be the higher of 80% of the average of the closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of the option or the nominal value of the shares. HK\$1.00 is payable by the grantee upon acceptance of the grant of options. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed, in nominal amount, 10% of the issued shares of the Company from time to time which have been duly allotted and issued. The maximum number of shares in respect of which options may be granted to any one employee or director may not exceed 25% of the aggregate number of shares in respect of which options are issued and issuable under the Scheme.

On 23 August 2001, the Stock Exchange announced amendments to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in respect of share option schemes, which came into effect on 1 September 2001. To comply with the amendments to the Listing Rules, the directors intend to terminate the Scheme and to adopt a new share option scheme.

購股權計劃

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」），本公司董事獲授權可在二零零八年二月十六日或之前使用酌情權，邀請任何僱員（包括本公司或其任何附屬公司之執行董事）接納購股權以認購本公司股份。認購價將為本公司股份於授出購股權日期前五個交易日於聯交所平均收市價80%或股份之面值兩者中之較高者。承授人須於接納授出購股權時繳付1.00港元。購股權計劃下可予授出購股權所涉及股份最高數目不得超逾不時已正式配發及發行之本公司已發行股份面值10%。向任何一位僱員或董事授出購股權所涉及股份最高數目不得超逾該計劃下已發行或可予發行購股權所涉及股份總數25%。

聯交所於二零零一年八月二十三日宣佈對香港聯合交易所有限公司證券上市規則（「上市規則」）關於購股權計劃之第十七章作出修訂，該項修訂於二零零一年九月一日生效。為符合上市規則之修訂，董事擬終止該計劃及採納新購股權計劃。

SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the year:

Name or category of participant 參與者名稱或類別	Number of share options 購股權數目			Date of grant of share options 授出購股權日期 (*)	Share price of the Company at grant date 本公司股份於授出日期之股價 (**)	Exercise price 行使價 (***)	Exercise period 行使期限
	At 1 April 2001 於二零零一年四月一日	Lapsed during the year 年內失效	At 31 March 2002 於二零零二年三月三十一日				
Former directors: 前董事:							
Mr. Chan Chun Hung [†] 陳振洪先生 [†]	30,000,000	(30,000,000)	-	20 July 1999 一九九九年七月二十日	0.05	0.046	lapsed 失效
	50,000,000	(50,000,000)	-	18 September 2000 二零零零年九月十八日	0.04	0.03472	lapsed 失效
Ms. Wong Kin Ching [†] 黃見貞女士 [†]	16,000,000	(16,000,000)	-	20 July 1999 一九九九年七月二十日	0.05	0.046	lapsed 失效
	96,000,000	(96,000,000)	-				
Other employees: 其他僱員:							
In aggregate 合共	13,700,000	-	13,700,000	20 July 1999 一九九九年七月二十日	0.05	0.046	21 July 1999 to 16 February 2008 一九九九年 七月二十一日 至二零零八年 二月十六日
	109,700,000	(96,000,000)	13,700,000				
Total 總計	109,700,000	(96,000,000)	13,700,000				

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the share options.

購股權計劃 (續)

年內該計劃下尚未行使之購股權如下:

Date of grant of share options 授出購股權日期 (*)	Share price of the Company at grant date 本公司股份於授出日期之股價 (**)	Exercise price 行使價 (***)	Exercise period 行使期限
20 July 1999 一九九九年七月二十日	0.05	0.046	lapsed 失效
18 September 2000 二零零零年九月十八日	0.04	0.03472	lapsed 失效
20 July 1999 一九九九年七月二十日	0.05	0.046	lapsed 失效
20 July 1999 一九九九年七月二十日	0.05	0.046	21 July 1999 to 16 February 2008 一九九九年 七月二十一日 至二零零八年 二月十六日

* 購股權之歸屬期由授出日期至行使期限開始為止。

** 購股權授出日期所示之本公司股份價格乃購股權授出日期前一個交易日於聯交所之收市價。

SHARE OPTION SCHEME (Continued)

*** The exercise price of the share options is subject to adjustment in the case of right or bonus issues, or other similar changes in the Company's share capital.

Mr. Chan Chun Hung and Ms. Wong Kin Ching resigned from the Group and their options were lapsed in accordance with the terms of the Scheme.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which are lapsed prior to their exercise date are deleted from the register of outstanding options.

At the balance sheet date, the Company had 13,700,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 13,700,000 additional shares of HK\$0.01 each at a total consideration, before issue expenses, of approximately HK\$630,000, subject to adjustment.

購股權計劃 (續)

*** 在供股或發行紅股或本公司股本發生其他類似改變情況下，購股權行使價可予調整。

陳振洪先生及黃見貞女士已辭任本集團職務，其購股權已按照該計劃條款失效。

已授出購股權之財務影響概無計入本公司或本集團之資產負債表，直至該等購股權被行使之時為止，亦概無費用或成本計入損益賬或資產負債表。購股權行使時，本公司會按股份面值將據此發行之股份列作額外股本，而每股行使價超逾股份面值之差額則計入本公司股份溢價賬。行使日期前失效之購股權將自尚未行使購股權登記冊內註銷。

於結算日，本公司根據計劃有13,700,000份未行使之購股權。根據本公司現時之股本架構，悉數行使未行使之購股權可能導致額外發行13,700,000股每股面值0.01港元之股份，總代價約630,000港元（未扣除發行費用），惟可予調整。

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2002, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name 名稱	Number of shares held 持有 股份數目	Percentage of the Company's share capital 佔本公司 股本百分比
Baxter Resources S.A.	<u>1,595,140,000</u>	<u>64</u>

On 24 November 2000, Baxter Resources S.A. ("Baxter") pledged 1,565,140,000 ordinary shares of HK\$0.01 each in the Company (the "Pledged Shares") to E-Bigger Investments Limited ("E-Bigger"), an independent third party, to secure loan facilities granted by E-Bigger to Baxter for its own financial use. Baxter was beneficially owned as to 75% by Mr. Chan Chun Hung and as to the remaining 25% by Ms. Wong Kin Ching. They were former directors of the Company. Subsequent to the balance sheet date, Baxter had defaulted in payment of the outstanding debt and E-Bigger enforced the security and disposed of all the Pledged Shares to independent third parties on 14 May 2002. At the date of this report, Baxter had ceased to hold any shares in the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, no directors were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interest of the Company and/or the Group.

主要股東

於二零零二年三月三十一日，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。

Name 名稱	Number of shares held 持有 股份數目	Percentage of the Company's share capital 佔本公司 股本百分比
Baxter Resources S.A.	<u>1,595,140,000</u>	<u>64</u>

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 ("抵押股份") 抵押予一名獨立第三者E-Bigger Investments Limited ("E-Bigger")，以取得E-Bigger向Baxter授出貸款融資，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。於結算日後，Baxter不履行償還拖欠債務，E-Bigger強制執行該抵押並於二零零二年五月十四日將全部抵押股份出售予獨立第三者。於本年報日期，Baxter已不再持有本公司任何股份。

董事於競爭業務之權益

於年內及直至本年報日期為止，董事概無於正與或可能會與本集團業務進行直接或間接競爭之業務中擁有權益(定義見上市規則)，惟本公司董事被委任作為董事以代表本公司及／或本集團利益之業務除外。

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 32 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises Messrs. Wu Wing Kit and Wong Kwok Tai, the independent non-executive directors of the Company.

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, Charles
Chairman

Hong Kong
19 July 2002

結算日後事項

本集團於結算日後之重大事項詳情載於財務報告附註32。

遵守最佳應用守則

董事認為，本公司在年報涵蓋之整個會計期內一直遵守上市規則附錄14所載之最佳應用守則（「守則」）行事，惟本公司獨立非執行董事並無按守則第7段規定委以固定任期，但須根據本公司之公司細則輪值退任。

審核委員會

本公司已遵照守則規定成立審核委員會，以審閱及監督本集團之財務申報程序及內部控制。委員會由獨立非執行董事胡永傑先生及黃國泰先生組成。

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。

代表董事會

勞明智
主席

香港
二零零二年七月十九日