

Chairman's Report

RESULTS

The business environment in which the Group operates deteriorated during the year and the economy slowed markedly. 2001 was indeed a challenging year for a wide range of industries and the furniture and fitting-out industry was no exception.

During the year under review, consolidated turnover increased by 42% to HK\$396 million (2001: HK\$279 million) while net profit decreased by 58% to HK\$5.97 million (2001: HK\$14.08 million). The increase in turnover was primarily due to the completion of certain large-scaled contracts, in particular the fitting-out works at the Oriental Plaza in Beijing. However, as mentioned in our interim report, profit margins decreased as the result of fiercer competition and poorer market conditions.

In view of the recent slowing down of the economic condition, the Board considers it more appropriate to retain this year's earnings within the Group and therefore does not recommend a final dividend for the year ended 31 March 2002. Thus, the interim dividend of 1.5 HK cents paid in January 2002 would represent the total dividend for the year (2001: 2.2 HK cents). Dividend pay-out ratio for the year was 50% (2001: 31%).

BUSINESS REVIEW

Mainland China and the Hong Kong SAR, accounted for approximately 86% (2001: 73%) of the Group's turnover, continued to be the principal markets of the Group. Overseas markets have been affected by the global economic downturn and sales to these markets decreased by 28% to HK\$55 million. During the period under review, the Group undertook and completed projects for fitting-out works and/or the supply of furniture for the Metro Park Hotel in Causeway Bay, Hong Kong SAR, the Oriental Plaza in Beijing, the Four Seasons Hotel in Shanghai, the Agile Hotel in Zhongshan, PRC, the Kimmel Center for Performing Arts in Philadelphia, USA and the Kintetsu's USJ Hotel in Tokyo, Japan.

CHANGES IN DIRECTORSHIPS

Mr. Lau Chi Hing, Steven resigned from the post of Independent Non-executive director, to join his family in the USA, with effect from 30 November 2001. Mr. Lok Wai Kiang, Paul was appointed Independent Non-executive Director on 1 September 2001. The Board would like to thank Mr. Lau for his dedication and contribution to the Group over the years and welcome Mr. Lok joining the Group.

主席報告

業績

隨著過去一年經濟的急速放緩，本集團的經營環境亦變得更加困難，對很多行業，包括傢俬及裝飾行業來說，二零零一年確實是一個充滿挑戰的年份。

本年度綜合營業額較上一個年度增長42%至3.96億港元(二零零一年：2.79億港元)，純利則下降58%至597萬港元(二零零一年：1,408萬港元)，營業額增加之主要原因是由於年內本集團手上之大型項目，包括北京東方廣場裝飾合約，相繼完成，而另一方面，一如中期業績中所報告，激烈的競爭環境及疲弱的市道，導致利潤有所下降。

鑑於近期低迷的經濟環境，董事會認為將本年度之純利保留會對集團更加合適，故不建議派發截至二零零二年三月三十一日止之末期股息。於二零零二年一月份派發的港幣1.5仙的中期股息，即為本年度之全年股息(二零零一年：港幣2.2仙)全年派息率為50%(二零零一年：31%)。

業務回顧

中國內地及香港特別行政區仍為本集團的主要市場，合共佔集團營業額86%(二零零一年：73%)，受全球經濟放緩影響，海外市場之營業額為5,500萬港元，較去年下降了28%。於回顧期內，集團參與並完成了的項目包括：香港銅鑼灣的維景酒店、北京的東方廣場、上海的四季酒店、中山的雅居樂酒店、美國費城的Kimmel演藝中心及日本近鐵USJ酒店等的裝飾工程及／或傢俬及裝置供應。

董事變更

劉志興先生於二零零一年十一月三十日起辭任本公司獨立非執行董事，到美國與家人團聚。駱偉強先生於二零零一年九月一日獲委任為本公司獨立非執行董事。董事會對劉先生過往為本集團作出之貢獻，謹致衷心謝意，並歡迎駱先生加入本集團。

Chairman's Report

PROSPECTS

The Hong Kong economy was slower and more troubled than at any time in recent years, partly due to domestic adjustments and partly due to the terrible events of 11 September 2001, which had global adverse economic repercussions. With the year-to-year Composite Consumer Price Index having declined for more than 24 months, the Board is cautious about the outlook for the year ahead. Competition and pressure on our profit margins are expected to intensify. In response to the developments, the Board has taken necessary measures to reduce the Group's operating expenses and has decided to explore markets in the USA and Europe. While we have suspended opening new showrooms, the Group will launch a new series of high-end furniture under the brand name of Bolier & Co. in the USA. The Board believes that these new markets and new product lines, together with the solid foundation laid over 30 years in the industry and fully integrated production facilities, will assist us in weathering the remainder of the downturn and place us in a sound position to benefit from economic recovery.

As at the balance sheet date, the Group's order book was filled with contracts totalling HK\$114 million.

APPRECIATION

The Board would like to extend its gratitude to all the Group's customers and bankers for their trust and support, as well as to all the staff of the Group for their endless efforts and contribution to the Group.

By Order of the Board
Tsang Chi Hung
Chairman

Hong Kong, 15 July 2002



Bolier & Co. series, combining practicality with elegance
Bolier & Co. 系列－實用與優美的結合

未來展望

目前香港的經濟狀況是近年來較差的，本地的經濟調整及去年的911恐怖事件更進一步壓抑了環球經濟增長，香港的綜合消費物價指數亦連續超過24個月錄得負增長，董事會對未來前景是審慎的，並預期市場競爭激烈，利潤率亦會受到較大的壓力。有鑑於此，集團已採取了必須的措施去降低經營成本，並訂定了開拓歐美市場的策略，雖然我們暫停了開設新的陳列室的計劃，惟集團擬於短期內在美國推出以Bolier & Co.為品牌的高檔傢俬系列。董事會相信，新的市場及新的品牌，加上達藝在業內三十年的深厚基礎及先進的生產設備，不單有助集團安然渡過經濟的低潮，也能令集團抓住市道復甦所帶來的機會。

於年結日，本集團手上未完合約共值約1.14億港元。

致謝

藉此機會，董事會謹向各客戶及往來銀行給予的信賴和支持、本集團全體員工的不懈努力和摯誠投入致深切謝意。

承董事會命
主席
曾志雄

香港，二零零二年七月十五日