

# Management Report

## PRINCIPAL ACTIVITIES

Principal activities of the Group are manufacturing and selling of furniture and fixtures and provision of services for interior building works. Luxurious hotels, which accounted for approximately 64% of the Group's turnover, continued to be the most important clientele of the Group.

## MAJOR MARKETS

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.

## OPERATIONS

Following the substantial investment of HK\$49 million in fixed assets in the year 2000/01, the Group invested much less in production facilities in the year 2001/02 as we concentrated on integrating the newly installed machines. Investment in fixed assets for the year under review was HK\$14 million.

## HUMAN RESOURCES

As at 31 March 2002, the Group employed 134, 741 and 8 staff in Hong Kong, the Mainland China and Singapore respectively (2001: 135, 823 and 8 respectively).

## FINANCIAL RESOURCES

The Group continued to maintain a conservative financial structure during the year. As at the balance sheet date, total bank borrowings amounted to HK\$35 million (2001: HK\$22 million), representing approximately 14% (2001: 9%) of the Group's total net worth. Finance costs were maintained at a low level of HK\$2.7 million (2001: HK\$1.7 million), representing only 0.7% (2001: 0.6%) of the Group's turnover. The Board believes that the Group's ample available banking facilities and its bank balances should provide with the Group sufficient financial resources for its operations and future development.

As at 31 March 2002, the land and buildings owned by the Group and situated in the Mainland China with a net book value of HK\$8.2 million (2001: HK\$8.7 million) were pledged to a bank to secure a loan granted to the Group. There were contingent liabilities in respect of counter-guarantees, amounting to HK\$6.9 million (2001: HK\$33.8 million) given in favour of certain financial institutions against liabilities of these parties arising from non-compliance of terms of interior building works being undertaken by the Group.

## 管理報告

### 主要業務

集團主要業務為傢私及裝置製造與銷售，以及提供室內裝飾工程服務。期內，豪華酒店仍為本集團的最主要客源，約佔本集團營業額的64%。

### 主要市場

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%。

### 營運

本集團於二零零零／零一年度內對固定資產共作出了4,900萬港元的投資，年來本集團主要集中對這些投資的整合工作，本年度新的設備投資為1,400萬港元。

### 人力資源

截至二零零二年三月三十一日止，本集團於香港、中國內地及新加坡所僱用的員工數目分別為134、741及8人(二零零一年：分為為135、823及8人)。

### 財務資源

本集團繼續秉承審慎理財的哲學，期末銀行貸款總額為3,500萬港元(二零零一年：2,200萬港元)，相當於本集團資產淨值的14%(二零零一年：9%)，財務成本維持在270萬港元(二零零一年：170萬港元)的較低水平，相當於集團營業額的0.7%(二零零一年：0.6%)。董事會相信，本集團充裕的銀行備用信貸額度及銀行結存，將可為集團的營運及將來發展提供足夠的財務資源。

於二零零二年三月三十一日，賬面淨值為820萬港元(二零零一年：870萬港元)並位於中國內地的土地及樓宇，已抵押給一家銀行，作為給予本集團貸款之抵押。於年結日，或然負債總額為690萬港元(二零零一年：3,380萬港元)，此乃本集團給予金融機構，用以承擔如未能依據室內裝飾工程合約條文而引發之責任。

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## CORPORATE GOVERNANCE

The Audit Committee, which was comprised of the two Independent Non-executive Directors, met twice since the last AGM to review and discuss the Group's interim and annual results and other audit and internal control issues with the external auditors.

In the opinion of the Directors, the Company has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules.

Recognising his contributions to the local community, the Chairman of the Board was named an Honorary Citizen of Dongguan City during the year.

## DIVIDEND POLICY

The Company paid out approximately 50% of this year net profit as dividends. Since it has been listed on the Hong Kong Stock Exchange, the Group has paid out approximately 31% of its net profit for the period.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 19 August 2002 to Thursday, 22 August 2002, both days inclusive. During this period, no transfer of shares will be effected. In order to qualify for the attendance at the Annual General Meeting, shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company's Share Registrars, Standard Registrars Limited on 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong by 4:00 p.m. on Friday, 16 August 2002.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

### 公司管治

由兩位獨立非執行董事組成的審核委員會自上一屆股東週年大會以來，共召開了兩次會議，並與公司獨立核數師討論及審議了集團的中期及年度財務業績，以及內部監控與審核有關事宜。

董事會認為，於本年度內，本公司一直遵守聯交所上市規則附錄十四所載之最佳應用守則。

年內，本公司主席因對當地社區作出了貢獻，獲東莞市人民政府授予東莞市榮譽市民稱號。

### 股息政策

本公司本年度派息比率約為50%。本公司自在香港交易所上市以來，所分派股息約為當期純利的31%。

### 暫停辦理股份過戶登記

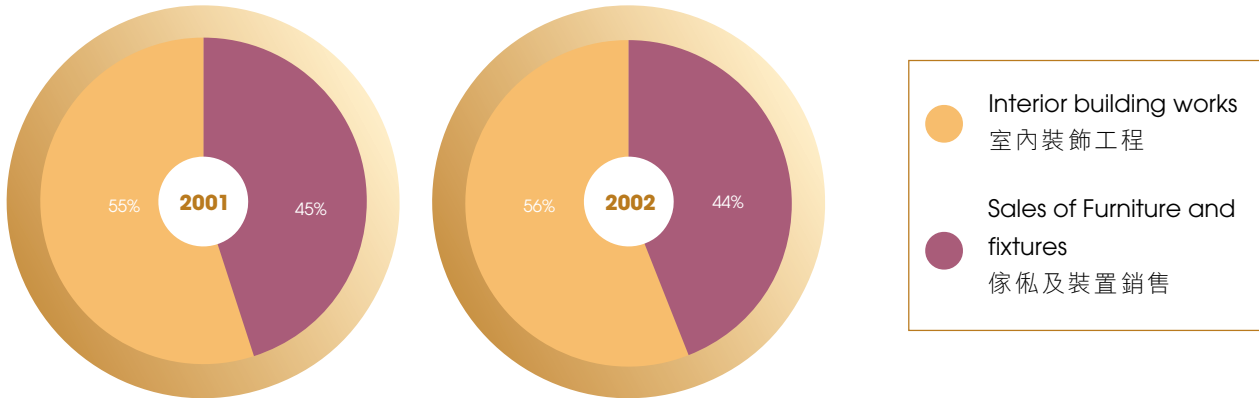
本公司將於二零零二年八月十九日(星期一)至八月二十二日(星期四)，首尾兩日包括在內，暫停辦理股份過戶登記手續，期間將不會進行任何股份之過戶登記。為符合出席股東週年大會之資格，股東須將所有過戶文件連同有關股票於二零零二年八月十六日(星期五)下午四時前遞交香港中環干諾道中111號永安中心5樓，本公司於香港之股份過戶登記處標準證券登記有限公司辦理過戶登記手續。

### 購買、出售或贖回本公司上市證券

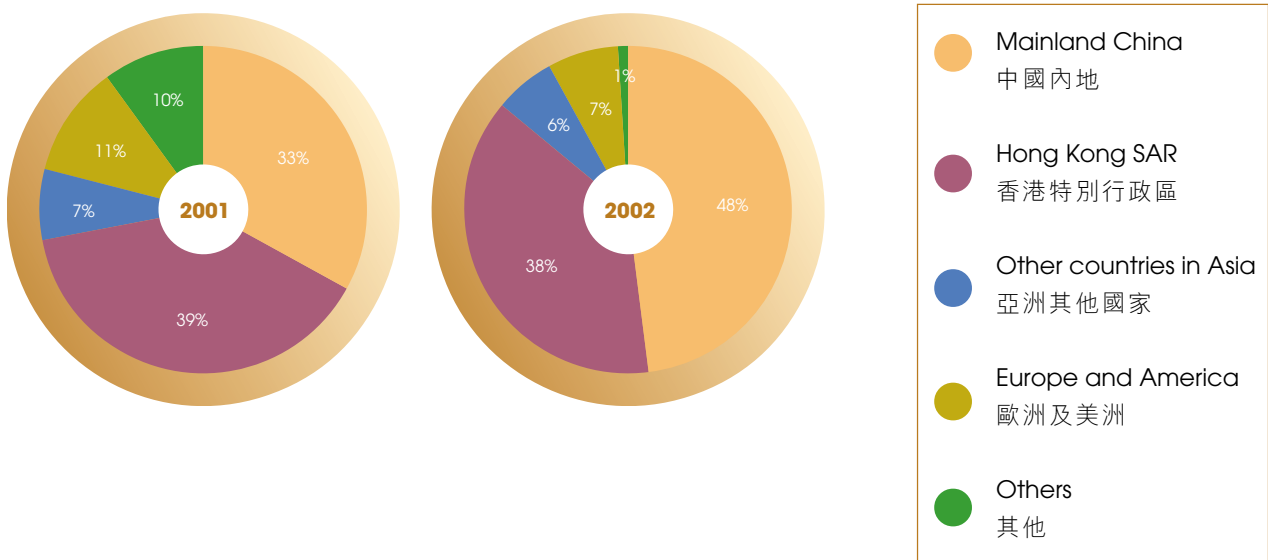
本公司及其附屬公司於年內均無購買、出售或贖回本公司之任何上市證券。

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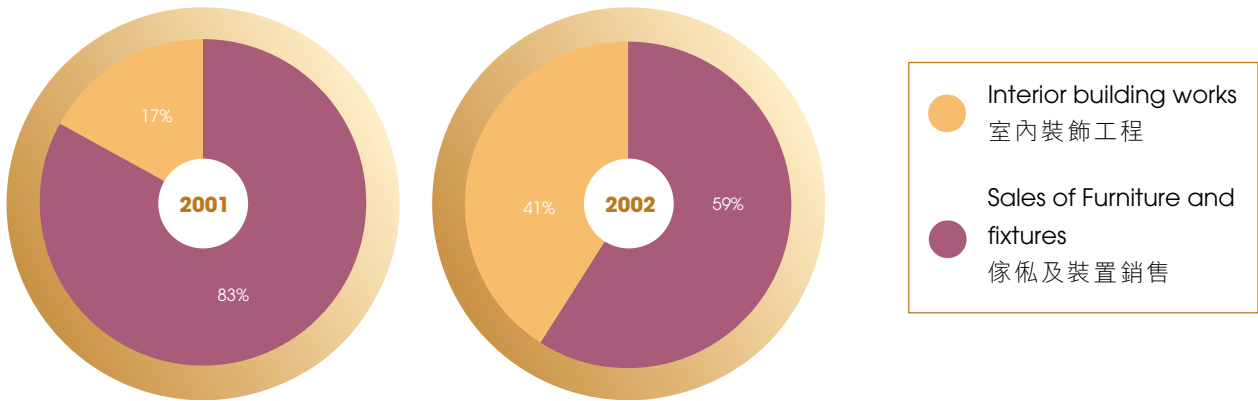
## TURNOVER BY BUSINESS SEGMENTS 按業務劃分的營業額



## TURNOVER BY GEOGRAPHICAL SEGMENTS 按地域劃分的營業額



## CONTRIBUTION BY BUSINESS SEGMENTS 按業務劃分的經營溢利貢獻



## CARRYING AMOUNT OF ASSETS BY GEOGRAPHICAL SEGMENTS 按地域劃分的資產分佈情況

