

The directors present their report together with the audited accounts of the Company and the Group for the year ended 31st March 2002.

董事會提呈本公司與本集團截至二零零二年三月三十一日止年度之報告及經審核賬目。

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

主要業務及按地區分析業務

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the retailing and wholesaling of a wide range of brand name cosmetic products and the provision of beauty and health club services.

本公司主要業務為投資控股，其附屬公司主要從事多種名牌化妝品之零售和批發及提供美容和健美中心服務。

An analysis of the Group's turnover and loss before taxation for the year by principal activities and geographical areas of operation is set out in note 2 to the accounts.

本集團本年度按主要業務及經營地區劃分之營業額及除稅前虧損之分析載於賬目附註2。

RESULTS AND APPROPRIATIONS

業績及溢利分配

The results for the year are set out in the consolidated profit and loss account on page 65.

本集團本年度之業績載於第65頁綜合損益賬內。

An interim dividend of 1.0 HK cents (2001: 1.0 HK cents) per share was paid on 16th January 2002. The directors recommend the payment of a final dividend of 4.0 HK cents (2001: 4.0 HK cents) per share. Total dividends paid and declared for the year ended 31st March 2002 amounted to HK\$64,128,000.

本公司已於二零零二年一月十六日派發中期股息每股1.0港仙(二零零一年:1.0港仙)。董事會現建議派發末期股息每股4.0港仙(二零零一年:4.0港仙)。截至二零零二年三月三十一日止年度已派及擬派股息合共64,128,000港元。

FINANCIAL SUMMARY

財務摘要

A summary of the results, assets and liabilities of the Group for the last five financial years is set out as follows:

本集團過去五個財政年度之業績、資產及負債摘要如下:

| | | 2002 | 2001 | 2000 | 1999 | 1998 |
|--|-------------|-----------|------------|------------|------------|------------|
| | | | (Restated) | (Restated) | (Restated) | (Restated) |
| | | | (重新列示) | (重新列示) | (重新列示) | (重新列示) |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 港幣千元 | 港幣千元 | 港幣千元 | 港幣千元 | 港幣千元 |
| Turnover | 營業額 | 1,537,411 | 1,439,369 | 1,316,614 | 1,268,247 | 1,249,329 |
| (Loss)/profit before taxation | 除稅前(虧損)/溢利 | (64,196) | (74,410) | 79,012 | (91,296) | 305,065 |
| Taxation (charge)/credit | 稅項(支出)/撥回 | (9,652) | (7,746) | (5,516) | 3,257 | (26,489) |
| Minority interests | 少數股東權益 | 2,673 | (2,095) | — | — | (169) |
| (Loss)/profit attributable to shareholders | 股東應佔(虧損)/溢利 | (71,175) | (84,251) | 73,496 | (88,039) | 278,407 |
| Total assets | 資產總值 | 1,094,152 | 1,175,472 | 1,228,456 | 1,202,865 | 1,491,213 |
| Total liabilities | 負債總值 | (295,595) | (262,527) | (106,314) | (100,321) | (159,237) |
| Minority interests | 少數股東權益 | (6,379) | 32,181 | — | — | (4,138) |
| Net assets | 資產淨值 | 792,178 | 945,126 | 1,122,142 | 1,102,544 | 1,327,838 |

Notes:

附註:

- Loss before taxation for the year ended 31st March 2001 has been restated to reflect the impairment loss on goodwill as explained in the principal accounting policy set out in note 1(f)(i) to the accounts. This change has no effect on the closing retained earnings for the relevant year.
- In accordance with the revised Statement of Standard Accounting Practice 9 "Events after the Balance Sheet Date" issued by the Hong Kong Society of Accountants, dividends proposed by the Company after the balance sheet date may no longer be treated as a liability at the balance sheet date. Total liabilities and net assets for the year ended 31st March 1998 to the year ended 31st March 2001 inclusive have been restated to reflect this change in accounting policy.

- 截止二零零一年三月三十一日止年度之除稅前虧損已予重列，以反映賬目附註1(f)(i)主要會計政策所闡釋之商譽減值。此項改變對有關年份之期末滾存溢利並無構成影響。
- 根據香港會計師公會頒佈之經修訂會計準則第九號「資產負債表日後事項」，本公司於結算日後擬派之股息不再確認為結算日之流動負債。截止一九九八年三月三十一日止年度至截止二零零一年三月三十一日止年度之負債總值及資產淨值已予重列，以反映此項會計政策之改變。

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of sales and purchases attributable to the Group's five largest customers and suppliers respectively are less than 30% of the total sales and purchases for the year.

RESERVES

Movements in reserves during the year are set out in note 20 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 13 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 19 to the accounts.

SHARE OPTIONS

(I) Share Option Scheme

(a) Purpose

The Company's Share Option Scheme ("the Scheme") was adopted and became effective on 22nd May 1997 for the purpose of providing incentives to directors and eligible employees by the granting of share options.

(b) Qualifying Participants

Under the Scheme, options may be granted to directors, senior executives or employees of the Company or its subsidiaries.

主要客戶及供應商

本集團五大客戶及供應商年內之銷售總額及採購總額分別佔本集團銷售總額及採購總額少於30%。

儲備

年內本集團及本公司儲備之轉撥數額及詳情載列於賬目附註20。

固定資產

本集團固定資產於年內之變動載列於賬目附註13。

股本

年內本公司股本之變動詳情載列於賬目附註19。

購股權

(I) 購股權計劃

(a) 目的

本公司之購股權計劃(「該計劃」)於一九九七年五月二十二日被採納並生效,以通過授出購股權之方式,獎勵董事及合資格僱員。

(b) 參與者資格

根據該計劃,本公司可向本公司或其附屬公司之董事、高級行政人員或僱員授出購股權。

SHARE OPTIONS (CONTINUED)

(c) *Maximum number of Shares*

The maximum number of shares in respect of which options may be granted under the Scheme is 10% of the issued share capital of the Company from time to time (excluding shares issued pursuant to the Scheme). The maximum entitlement of each participant is 25% of the maximum number of shares in respect of which options may be granted as calculated above.

(d) *Option Exercise Period*

The period within which the shares must be taken up under an option is determined by the Board from time to time, except that such period shall not expire later than 10 years from the date of grant of the option. The minimum period, if any, for which an option must be held before it can be exercised is determined by the Board from time to time.

(e) *Exercise Price and Consideration*

The exercise price shall be determined by the Board and shall not be less than the higher of the nominal value of a share and 80% of the average of the closing prices of the shares for the five business days immediately preceding the date of grant of the option. Effective from 1st September 2001, the exercise price must be at least the higher of (i) the closing price of the shares on the date of option grant, which must be a business day, and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant in accordance with paragraph 17.03 of the Listing Rules.

Consideration to be paid on each grant of option is HK\$1.00. Full amount of the exercise price must be paid on the exercise of option.

購股權 (續)

(c) 購股權股份數目上限

根據該計劃，可予授出之購股權所涉及之股份數目上限，最多以本公司不時之已發行股本（不包括根據該計劃而發行之股份）之10%為限。每位參與人有權獲授購股權之股份數目，最多以可予授出之購股權所涉及之股份數目上限（按上述方式計算）之25%為限。

(d) 購股權行使期限

董事會會不時決定可根據購股權認購股份之期間，惟該段期間之屆滿日期不得遲於購股權授出日期起計屆滿十年當日。董事會亦會不時決定購股權於獲行使前須由持有人持有之最短期間（如有）。

(e) 購股權行使價及代價

購股權之行使價乃由董事會決定，惟不得低於以下兩項中之較高款額：(i)股票之面值；及(ii)股份於緊接購股權授出日期前五個營業日之收市價平均數之80%。由二零零一年九月一日起，購股權之行使價必須為以下兩項較高之款額：(i)授出購股權當日股份收市之價格，當天必須為營業日；及(ii)根據香港聯交所上市規則17.03段，股份於緊接購股權授出日期前五個營業日之收市價平均數。

每宗授出之購股權均須收取1港元之代價。

SHARE OPTIONS (CONTINUED)

購股權 (續)

(f) Remaining Life of the Scheme

The Scheme has a life of ten years and shall expire on 21st May 2007.

(f) 購股權計劃之餘下有效期

該計劃之有效期為十年，並將於二零零七年五月二十一日終止。

(g) Options granted to Employees under Continuous Contracts

Details of the share options outstanding as at 31st March 2002 which were granted to employees under continuous contracts are as follows:-

(g) 連續合約僱員之購股權

於二零零二年三月三十一日，授與連續合約僱員之未獲行使購股權詳情如下:-

| Date of grant 授出日期 | Subscription price per share 每股股份認購價 | Exercisable period 行使期 | Vesting period 行使前持有期 | Options outstanding as at 31st March 2001 於二零零一年 三月三十一日 未獲行使之購股權 | Options granted during the year 於年內授出 之購股權 | Options exercised during the year 於年內 已獲行使 之購股權 | Options lapsed during the year 於年內 失效 之購股權 | Options outstanding as at 31st March 2002 於二零零二年 三月三十一日 未獲行使 之購股權 |
|---------------------------------|--|--|--------------------------|---|---|---|--|--|
| 9th September 1997 一九九七年九月九日 | HK\$2.01 2.01港元 | 9th September 1997 to 8th September 2007 一九九七年九月九日至 二零零七年九月八日 | - | 1,808,000 | - | - | - | 1,808,000 |
| 9th September 1997 一九九七年九月九日 | HK\$2.01 2.01港元 | 8th September 1998 to 8th September 2007 一九九八年九月八日至 二零零七年九月八日 | 1 year 一年 | 1,808,000 | - | - | - | 1,808,000 |
| 9th September 1997 一九九七年九月九日 | HK\$1.90 1.90港元 | 8th September 1998 to 8th September 2007 一九九八年九月八日至 二零零七年九月八日 | 1 year 一年 | 7,098,000 | - | - | - | 7,098,000 |
| 7th May 1999 一九九九年五月七日 | HK\$0.648 0.648港元 | 7th May 1999 to 6th May 2009 一九九九年五月七日至 二零零九年五月六日 | - | 3,240,000 | - | (3,240,000) note (ii) 附註(ii) | - | - |
| 10th April 2000 二零零零年四月十日 | HK\$1.25 1.25港元 | 30th September 2002 to 10th April 2010 二零零二年九月三十日至 二零一零年四月十日 | 2.5 years 二年半 | 3,194,000 | - | - | (3,194,000) | - |

SHARE OPTIONS (CONTINUED)

購股權 (續)

| Date of grant 授出日期 | Subscription price per share 每股份認購價 | Exercisable period 行使期 | Vesting period 行使前持有期 | Options outstanding as at 31st March 2001 於二零零一年 三月三十一日 未獲行使之購股權 | Options granted during the year 於年內授出 之購股權 | Options exercised during the year 於年內 已獲行使 之購股權 | Options lapsed during the year 於年內 失效 之購股權 | Options outstanding as at 31st March 2002 於二零零二年 三月三十一日 未獲行使 之購股權 |
|-------------------------------|---|--|--------------------------|---|---|---|--|--|
| | | | | | | | note (i) 附註(i) | |
| 14th April 2000 二零零零年四月十四日 | HK\$1.22 1.22港元 | 14th April 2003 to 14th April 2010 二零零三年四月十四日至 二零一零年四月十四日 | 3 years 三年 | 323,000 | - | - | (323,000) | - |
| 14th June 2000 二零零零年六月十四日 | HK\$0.96 0.96港元 | 14th June 2003 to 14th June 2010 二零零三年六月十四日至 二零一零年六月十四日 | 3 years 三年 | 229,000 | - | - | - | 229,000 |
| 19th June 2000 二零零零年六月十九日 | HK\$0.94 0.94港元 | 19th June 2003 to 19th June 2010 二零零三年六月十九日至 二零一零年六月十九日 | 3 years 三年 | 217,391 | - | - | - | 217,391 note (iv) 附註 (iv) |
| 21st June 2000 二零零零年六月二十一日 | HK\$0.93 0.93港元 | 21st June 2001 to 21st June 2010 二零零一年六月二十一日至 二零一零年六月二十一日 | 1 year 一年 | 504,000 | - | - | (92,000) | 412,000 |
| 21st June 2000 二零零零年六月二十一日 | K\$0.93 0.93港元 | 21st June 2002 to 21st June 2010 二零零二年六月二十一日至 二零一零年六月二十一日 | 2 years 二年 | 504,000 | - | - | (92,000) | 412,000 |
| 19th July 2000 二零零零年七月十九日 | HK\$0.92 0.92港元 | 19th July 2003 to 19th July 2010 二零零三年七月十九日至 二零一零年七月十九日 | 3 years 三年 | 170,940 | - | - | (170,940) | - |
| 4th June 2001 二零零一年六月四日 | HK\$0.68 0.68港元 | 4th June 2002 to 4th June 2011 二零零二年六月四日至 二零一一年六月四日 | 1 year 一年 | - | 196,078 note (iii) 附註 (iii) | - | - | 196,078 |
| 4th June 2001 二零零一年六月四日 | HK\$0.68 0.68港元 | 4th June 2003 to 4th June 2011 二零零三年六月四日 至二零一一年六月四日 | 2 years 二年 | - | 196,078 note (iii) 附註 (iii) | - | - | 196,078 |
| 4th June 2001 二零零一年六月四日 | HK\$0.68 0.68港元 | 4th June 2004 to 4th June 2011 二零零四年六月四日至 二零一一年六月四日 | 3 years 三年 | - | 196,079 note (iii) 附註(iii) | - | - | 196,079 |

SHARE OPTIONS (CONTINUED)

Notes:

- (i) During the year, 3,871,940 share options lapsed upon resignation of several employees in accordance with the terms of the Scheme.
- (ii) During the year, 3,240,000 share options were exercised by an ex-director of the Company in accordance with the terms of the Scheme. The closing price of the shares immediately before the date of exercise is HK\$0.77.
- (iii) During the year, 588,235 share options were granted to an employee of the Company. The closing price of the shares immediately before the date on which the options were granted is HK\$0.86.
- (iv) Subsequent to the year end, 217,391 share options lapsed upon resignation of an employee in accordance with the terms of the Scheme.
- (v) Subsequent to the year end, 13,791,285 share options were granted to employees of the Company as follows:-
- (1) 4,000,000 share options granted on 24th April 2002 at an exercise price of HK\$0.80 per share which was to become exercisable for the period from 24th April 2003 to 24th April 2012. The vesting period is one year.
 - (2) 5,000,000 share options granted on 24th April 2002 at an exercise price of HK\$0.80 per share which was to become exercisable for the period from 24th April 2004 to 24th April 2012. The vesting period is two years.
 - (3) 4,791,285 share options granted on 24th April 2002 at an exercise price of HK\$0.80 per share which was to become exercisable for the period from 24th April 2005 to 24th April 2012. The vesting period is three years.

The closing price of the shares immediately before the date on which the options were granted is HK\$0.79.

(h) Options granted to Directors

No option has been granted to the directors of the Company during the year under the Scheme (2001: Nil).

購股權 (續)

附註:

- (i) 年內因有數名僱員離職·3,871,940購股權已按該計劃條款失效。
- (ii) 年內一名前董事按該計劃條款行使3,240,000購股權。行使購股權前一天股份之收市價為0.77港元。
- (iii) 年內本公司授予一名僱員588,235購股權。授出購股權前一天之股份收市價為0.86港元。
- (iv) 年結日後·再有一名僱員離職·217,391購股權已按該計劃條款失效。
- (v) 年結日後·本公司授予僱員13,791,285購股權·詳情如下:-
- (1) 於二零零二年四月二十四日以認購價每股0.80港元授出4,000,000購股權。行使期為二零零三年四月二十四日至二零一二年四月二十四日。行使前持有期為一年。
 - (2) 於二零零二年四月二十四日以認購價每股0.80港元授出5,000,000購股權。行使期為二零零四年四月二十四日至二零一二年四月二十四日。行使前持有期為二年。
 - (3) 於二零零二年四月二十四日以認購價每股0.80港元授出4,791,285購股權。行使期為二零零五年四月二十四日至二零一二年四月二十四日。行使前持有期為三年。

授出購股權前一天股份之收市價為0.79港元。

(h) 授予董事之購股權

本公司於年內並無根據該計劃授予董事購股權 (二零零一年: 無)。

SHARE OPTIONS (CONTINUED)

購股權 (續)

(II) Share Options under an Ex-director's Service Agreement ("Service Agreement")

(II) 一位前董事之服務協議(「服務協議」)之購股權

The Company has granted to Mr. KING, Roger ("Mr. KING"), an ex-director of the Company, share options in accordance with the terms set out in a service agreement entered between the Company and Mr. KING on 2nd August 1999 which was approved by the shareholders of the Company at an extraordinary general meeting on 14th September 1999. The details of the share options outstanding as at 31st March 2002 which were granted to Mr. KING are set out as follows:

本公司於一九九九年八月二日與本公司一名前董事金樂琦先生(「金先生」)簽訂一份服務協議。該協議已於一九九九年九月十四日經本公司股東特別大會通過。根據該服務協議的條款，本公司授予金先生一批購股權，於二零零二年三月三十一日未獲行使之購股權詳情如下:-

| Date of grant | Subscription price per share | Closing price per share immediately before the date of grant | Exercisable period | Vesting period | Options | | | | Options outstanding as at 31st March 2002 |
|---------------------------------------|------------------------------|--|--|----------------|---|---------------------------------|-----------------------------------|--------------------------------|---|
| | | | | | Options outstanding as at 31st March 2001 | Options granted during the year | Options exercised during the year | Options lapsed during the year | |
| 授出日期 | 每股股份認購價 | 授出購股權前一日之股份收市價 | 行使期 | 行使前持有期 | 於二零零一年三月三十一日未獲行使之購股權 | 於年內授出之購股權 | 於年內已獲行使之購股權 | 於年內失效之購股權 | 於二零零二年三月三十一日未獲行使之購股權 |
| 14th September 1999 to 2nd March 2002 | HK\$0.928 | HK\$0.52 to HK\$1.52 | 14th September 1999 to 2nd February 2007 | - | 14,521,054 | 9,171,192 | - | - | 23,692,246 |
| 一九九九年九月十四日至二零零二年三月二日 | 0.928港元 | 0.52港元至1.52港元 | 一九九九年九月十四日至二零零七年二月二日 | - | 14,521,054 | 9,171,192 | - | - | 23,692,246 |

Note:

附註:

(i) Due to the large number of monthly grants of options under the service agreement, certain information such as the date of grant and the closing prices of the shares immediately before the date on which the options were granted are shown in a summarised manner.

(i) 由於根據服務協議每月授出的購股權為數眾多，若干資料如授出日期及授出購股權前一日之股份收市價均摘要列出。

(ii) Subsequent to the year end, a further of 3,821,341 share options were granted to the ex-director.

(ii) 年結日後，本公司再授予該前董事3,821,341購股權。

SHARE OPTIONS (CONTINUED)

The financial impact of options granted is not recorded in the Group's accounts until such time as the options are exercised. Upon the exercise of the 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 shares is recorded by the Company in the share premium account. Options which are lapsed prior to their exercise date are deleted from the outstanding options.

The directors do not consider it appropriate to state the value of the options granted during the year as a number of variables which are crucial for the calculation of the options value have not been determined. The directors believe that any calculation of the value of the options based on a great number of speculative assumptions would not be meaningful and would be misleading.

The Stock Exchange announced certain amendments to Chapter 17 of the Listing Rules in respect of share option schemes on 23rd August 2001 which came into effect on 1st September 2001. In compliance with the amendments to the Listing Rules, the directors consider that it is in the interests of the Company to terminate the Scheme and to adopt a new share option scheme. An ordinary resolution will be proposed at the Company's forthcoming Annual General Meeting for the approval of the said adoption of the new share option scheme and termination of the Scheme.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws in the Cayman Islands.

購股權 (續)

已授出的購股權直至行使前，其財務影響不會列於本集團的賬目內。該等購股權被行使後，本公司把因此而發行的股份按其面值列為額外股本，而每股行使價較股份面值高出的金額則列入股份溢價帳內。於行使日期前失效的購股權在尚未行使的購股權中刪除。

由於計算有關購股權的多項重要因素尚未決定，故董事認為就本年度內計算購股權價值並不恰當，而根據各項揣測假設就購股權作出的任何估值均無意義且可能誤導。

聯交所已於二零零一年八月二十三日宣佈對聯交所證券上市規則（「上市規則」）第十七章有關購股權計劃作出修訂，而該等修訂已於二零零一年九月一日生效。為遵照上市規則的有關修訂，董事會認為終止該計劃及採納新的購股權計劃乃符合本公司的利益。本公司將於即將舉行的股東週年大會上提呈普通決議案，以批准採納新的購股權計劃及終止該計劃。

優先購買權

本公司組織章程細則並無有關優先購買權之任何規定，而開曼群島法例亦無有關該權利之任何限制。

REPURCHASE, SALE OR REDEMPTION OF SHARES

購回、出售或贖回股份

During the year, the Company has repurchased at HK\$15,618,863 for a total of its 25,444,000 fully paid up shares on the Stock Exchange of Hong Kong Limited, all of which had been duly cancelled, as follows:-

本公司年內於香港聯合交易所有限公司(「聯交所」)購回本公司已繳足股份合共25,444,000股·金額為15,618,863港元·該批股份已悉數註銷·詳情如下:-

| Month of Repurchase | 購回股份月份 | No. of shares repurchased 購回股份數量 | Total consideration (Note) 總金額(附註) HK\$ (港元) | Purchase price per share 每股購入價 | |
|---------------------|----------|-------------------------------------|---|-----------------------------------|------------------------------|
| | | | | Highest 最高 HK\$ (港元) | Lowest 最低 HK\$ (港元) |
| April 2001 | 二零零一年四月 | 3,340,000 | 2,601,894 | 0.78 | 0.76 |
| September 2001 | 二零零一年九月 | 9,554,000 | 5,497,428 | 0.60 | 0.54 |
| October 2001 | 二零零一年十月 | 4,260,000 | 2,973,409 | 0.71 | 0.67 |
| December 2001 | 二零零一年十二月 | 1,678,000 | 901,123 | 0.56 | 0.53 |
| January 2002 | 二零零二年一月 | 4,070,000 | 2,161,865 | 0.54 | 0.51 |
| February 2002 | 二零零二年二月 | 1,686,000 | 974,646 | 0.58 | 0.56 |
| March 2002 | 二零零二年三月 | 856,000 | 508,498 | 0.60 | 0.58 |
| | | 25,444,000 | 15,618,863 | | |

Subsequent to the year end and up to the date of this report, the Company repurchased at HK\$36,213,232 for a total of 47,138,000 fully paid up shares on the Stock Exchange of Hong Kong Limited, all of which had been duly cancelled, as follows:-

年結日後至本報告之日期·本公司於聯交所購回本公司已繳足股份合共47,138,000股·金額為36,213,232港元·該批股份已悉數註銷·詳情如下:-

| Month of Repurchase | 購回股份月份 | No. of shares repurchased 購回股份數量 | Total consideration (Note) 總金額(附註) HK\$ (港元) | Purchase price per share 每股購入價 | |
|---------------------|---------|-------------------------------------|---|-----------------------------------|------------------------------|
| | | | | Highest 最高 HK\$ (港元) | Lowest 最低 HK\$ (港元) |
| April 2002 | 二零零二年四月 | 10,888,000 | 8,366,239 | 0.80 | 0.66 |
| May 2002 | 二零零二年五月 | 11,550,000 | 8,904,789 | 0.79 | 0.72 |
| June 2002 | 二零零二年六月 | 24,700,000 | 18,942,204 | 0.78 | 0.75 |
| | | 47,138,000 | 36,213,232 | | |

REPURCHASE, SALE OR REDEMPTION OF SHARES 購回、出售或贖回股份 (續)

(CONTINUED)

The directors consider the share purchases will lead to an enhancement of the Group's future earnings per share.

On 8th February 2002, the Stock Exchange of Hong Kong Limited has granted to the Company a waiver pursuant to Rule 10.06(2)(g) of Listing Rules in respect of the 25 percent monthly share repurchases restriction set out in Rule 10.06(2)(a) of the Listing Rules. The waiver is effective for a period of six months from 8th February 2002 to 8th August 2002.

Apart from the above, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities during the year.

Note:

The total consideration included the purchase price, brokerage, transaction levy, trading fee, contract stamp, stock withdrawal fee and CCASS charge.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31st March 2002 are set out in note 33 to the accounts.

BANK LOANS AND OVERDRAFTS

Details of the Group's bank loans and overdrafts as at 31st March 2002 are set out in the Consolidated Balance Sheet and notes 25 and 29 to the accounts respectively.

CAPITALISED INTERESTS

No interest was capitalised by the Group during the year.

董事認為購回股份可提高本集團將來之每股盈利。

於二零零二年二月八日，聯交所根據上市規則第10.06(2)(g)條就上市規則第10.06(2)(a)條所載每月只准購回股份25%之限制給予本公司豁免權。豁免權有效期六個月，由二零零二年二月八日起至二零零二年八月八日屆滿。

除上述者外，本公司及其任何附屬公司於年內概無購回、出售或贖回本公司任何上市證券。

附註：

總金額包括購股價、經紀佣金、交易徵費、交易費、印花稅、提倉手續費及中央結算收費。

附屬公司

本公司於二零零二年三月三十一日之主要附屬公司詳情載於賬目附註33。

銀行貸款及透支

於二零零二年三月三十一日，本集團之銀行貸款及透支之詳情分別載於綜合資產負債表及賬目附註25及附註29。

利息資本化

本集團於年內並無將利息資本化。

DISTRIBUTABLE RESERVES

As at 31st March 2002, the reserves of the Company available for distribution amounted to HK\$1,047,636,000.

DONATIONS

The Group made donations during the year totalling HK\$125,000.

DIRECTORS AND SERVICE CONTRACTS

The directors who held office during the year and up to the date of this report were:—

Executive Directors

Mr. KWOK, Siu Ming, Simon

Mrs. KWOK, Law Kwai Chun, Eleanor

Mr. KING, Roger

- service agreement completed on 10th May 2002

Independent Non-Executive Directors

Mr. COULL, Gary William John

- retired at the Annual General Meeting held on 30th August 2001

Mrs. LEE, Look Ngan Kwan, Christina

Professor CHAN, Yuk Shee

- term of directorship for three years commenced on 1st November 1999

Dr. LEUNG, Kwok Fai, Thomas

- term of directorship for three years commenced on 1st January 2000

Mr. CHENG, Ming Fun, Paul

- term of directorship for two years commenced on 1st February 2001

可分派儲備

於二零零二年三月三十一日，本公司可供分派之儲備達1,047,636,000港元。

捐款

本集團於年內作出的捐款共125,000港元。

董事及服務合約

年內及截至本報告簽發日期止擔任董事職務之人士如下：

執行董事

郭少明先生

郭羅桂珍女士

金樂琦先生

- 其服務協議已於二零零二年五月十日完成

獨立非執行董事

顧家利先生

- 已於二零零一年八月三十日舉行之股東週年大會上
退任

利陸雁群女士

陳玉樹教授

- 董事任期三年，由一九九九年十一月一日起生效

梁國輝博士

- 董事任期三年，由二零零零年一月一日起生效

鄭明訓先生

- 董事任期二年，由二零零一年二月一日起生效

DIRECTORS AND SERVICE CONTRACTS (CONTINUED)

In accordance with Article 116 of the Company's Articles of Association, Professor CHAN, Yuk Shee and Mr. CHENG Ming Fun, Paul retire at the coming Annual General Meeting. Professor CHAN, Yuk Shee being eligible, offers himself for re-election.

Save as disclosed above, the director proposed for re-election at the forthcoming Annual General Meeting does not have a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries or its holding company was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事及服務合約 (續)

根據本公司組織章程細則第116條之規定，陳玉樹教授及鄭明訓先生於即將舉行之股東週年大會上退任。陳玉樹教授有資格並願膺選連任。

除上文所披露者外，擬於即將舉行之股東週年大會上候選連任之董事並無擁有與本公司訂立於一年內沒有賠償（法定賠償除外）而本公司不可終止的服務合約。

董事之合約權益

各董事概無在本公司、其控股公司或附屬公司於年終或年內任何時間所訂立與本公司業務有關之重要合約中不論直接或間接擁有重大權益。

PARTICULARS OF SHARES HELD BY DIRECTORS, CHIEF EXECUTIVES AND ASSOCIATES

董事、主要行政人員及聯繫人士持有股份之詳情

As at 31st March 2002, the directors, chief executives and their associates had the following interests in the share capital of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) which require notification pursuant to Section 28 of the SDI Ordinance or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") or as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance:

於二零零二年三月三十一日，各董事、主要行政人員及彼等之聯繫人士於本公司或其任何相聯法團（定義見證券（披露權益）條例（「披露權益條例」））股本中擁有以下根據披露權益條例第28條或上市公司董事進行證券交易之標準守則（「標準守則」）須予知會之權益，或根據披露權益條例第29條須列入該條例所指之登記冊之權益：

| | | Number of shares beneficially held 實益持有之股份數目 | | | |
|--|-------------|---|-------------------------------|----------------------------|---------------------------|
| | | Personal interest 個人權益 | Corporate interest 法團權益 | Family interest 家屬權益 | Other interest 其他權益 |
| Mr. KWOK, Siu Ming, Simon (Note 1) | 郭少明先生（附註1） | 20,364,000 | 898,506,400 | - | - |
| Mrs. KWOK, Law Kwai Chun, Eleanor (Note 1) | 郭羅桂珍女士（附註1） | - | 898,506,400 | - | - |
| Mr. KING, Roger (Note 2) | 金樂琦先生（附註2） | 7,833,328 | - | 8,405,172 | - |
| Mrs. LEE, Look Ngan Kwan, Christina | 利陸雁群女士 | 148,000 | - | - | - |

Note:

附註：

1. These shares are held as to 696,780,000 shares by Sunrise Height Incorporated and as to 201,726,400 shares by Green Ravine Limited. Both Sunrise Height Incorporated and Green Ravine Limited are owned as to 50% each by Mr. KWOK, Siu Ming, Simon and Mrs. KWOK, Law Kwai Chun, Eleanor.

1. 該等股份其中696,780,000股由Sunrise Height Incorporated持有，201,726,400股由Green Ravine Limited持有。郭少明先生及郭羅桂珍女士各持有Sunrise Height Incorporated 50% 權益，亦各持有Green Ravine Limited 50% 權益。

In addition, Mr. KWOK, Siu Ming, Simon and Mrs. KWOK, Law Kwai Chun, Eleanor are each taken to be interested in all the issued non-voting deferred shares of Sa Sa Cosmetic Company Limited, Sa Sa Investment Limited, Matford Trading Limited and Base Sun Investment Limited, all wholly-owned subsidiaries of the Company. Mrs. KWOK, Law Kwai Chun, Eleanor is also taken to be interested in all the issued non-voting deferred shares of Vance Trading Limited.

此外，郭少明先生及郭羅桂珍女士分別被當作擁有莎莎化妝品有限公司、莎莎投資有限公司、美福貿易有限公司及騰日投資有限公司之全部已發行無投票權遞延股份之權益，前述公司均為本公司全資附屬公司。郭羅桂珍女士亦被當作擁有榮森貿易有限公司全部已發行無投票權遞延股份之權益。

2. The Service Agreement of Mr. KING was completed on 10th May 2002.

2. 金先生的服務協議已於二零零二年五月十日完成。

Save as disclosed above, no directors, chief executives and their associates have any beneficial or non-beneficial interests in the share capital of the Company and associated corporations required to be disclosed pursuant to the SDI Ordinance and the Model Code.

除上文所披露者外，各董事、主要行政人員及彼等之聯繫人士概無在本公司或其相聯法團之股本中，擁有按披露權益條例及標準守則規定須予披露之任何其他實益或非實益權益。

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a share option scheme approved by the shareholders of the Company on 22nd May 1997, the Company's directors may, at their discretion, invite executive directors and full time employees of the Group to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

Save as disclosed under the "Share Option" and "Connected Transaction" sections, at no time during the year was the Company, its holding company or its subsidiaries a party to any arrangements to enable the directors of the Company (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year, certain members of the Group entered into transactions which were "connected transactions" as defined by the Listing Rules. Details of such transactions are as follows:—

Sa Sa Cosmetic Company Limited and Lisbeth Enterprises Limited[#]

During the year ended 31st March 2002, Sa Sa Cosmetic Company Limited ("Sa Sa Cosmetic"), a wholly-owned subsidiary of the Company, sold goods to Lisbeth Enterprises Limited ("Lisbeth"), a 58.33% owned subsidiary of the Company, in its ordinary course of business and on normal commercial terms. The total purchase price payable by Lisbeth to Sa Sa Cosmetic as at 31st March 2002 was approximately HK\$2,062,000. After adjusting for differences in closing stock between 31st March 2002 and 31st March 2001, net sales from Sa Sa Cosmetic to Lisbeth was approximately HK\$2,221,000 (2001: Sales of approximately HK\$1,365,000 was made by Sa Sa Cosmetic to Lisbeth. After adjusting for closing stock, the net sales amount was approximately HK\$686,000). As at 31st March 2002, the net amount due from Lisbeth to Sa Sa Cosmetic was approximately HK\$1,620,000 (2001: HK\$1,365,000).

董事購買股份或債券權利之利益

一九九七年五月二十二日，本公司股東批准一項購股權計劃。根據購股權計劃，本公司董事可酌情邀請本集團執行董事及全職僱員接納購股權，在該計劃條款及條件之規限下，認購本公司股份。

除於「購股權」及「關連交易」項下披露者外，本公司、其控股公司或其附屬公司於年內任何時間概無參與訂立任何協議，令本公司董事（包括彼等之配偶或十八歲以下之子女）可藉收購本公司或任何其他法人團體之股份或債券而獲益。

關連交易

年內，本集團若干成員公司曾進行屬於上市規則所界定之「關連交易」。該等交易詳情如下：—

莎莎化粧品有限公司與Lisbeth Enterprises Limited[#]

於截至二零零二年三月三十一日止年度內，本公司之全資附屬公司莎莎化粧品有限公司（「莎莎化粧品」），在日常業務過程中按一般商業條款向本公司擁有58.33%權益之附屬公司Lisbeth Enterprises Limited（「Lisbeth」）銷售貨品。截至二零零二年三月三十一日止，Lisbeth應付莎莎化粧品之總採購額約為2,062,000港元。經調整二零零二年三月三十一日與二零零一年三月三十一日之期末存貨差額後，莎莎化粧品向Lisbeth出售貨品之淨銷售額約為2,221,000港元（二零零一年：莎莎化粧品向Lisbeth出售貨品之銷售額約為1,365,000港元。經調整期末存貨後，淨銷售額約為686,000港元）。於二零零二年三月三十一日，Lisbeth欠付莎莎化粧品之款項淨額約為1,620,000港元（二零零一年：1,365,000港元）。

CONNECTED TRANSACTIONS (CONTINUED)

Sa Sa Cosmetic Co. (S) Pte. Ltd. and
Phillip Wain International (Singapore) Pte. Ltd.#

During the year ended 31st March 2002, Sa Sa Cosmetic Co. (S) Pte. Ltd. ("Sa Sa Singapore"), a wholly-owned subsidiary of the Company, sold goods to Phillip Wain International (Singapore) Pte. Ltd. ("Phillip Wain Singapore"), a 58.33% owned subsidiary of the Company, in its ordinary course of business and on normal commercial terms. The total purchase price payable by Phillip Wain Singapore to Sa Sa Singapore as at 31st March 2002 was approximately HK\$621,000. After adjusting for differences in closing stock between 31st March 2002 and 31st March 2001, net sales from Sa Sa Singapore to Phillip Wain Singapore was approximately HK\$332,000 (2001: nil). As at 31st March 2002, the net amount due from Phillip Wain Singapore to Sa Sa Singapore was approximately HK\$379,000 (2001: nil).

Hong Kong Sa Sa (M) Sdn. Bhd. and Phillip Wain (M) Sdn. Bhd.#

During the year ended 31st March 2002, Hong Kong Sa Sa (M) Sdn. Bhd. ("Sa Sa Malaysia"), a wholly-owned subsidiary of the Company, sold goods to Phillip Wain (M) Sdn. Bhd. ("Phillip Wain Malaysia"), a 58.33% owned subsidiary of the Company, in its ordinary course of business and on normal commercial terms. The total purchase price payable by Phillip Wain Malaysia to Sa Sa Malaysia as at 31st March 2002 was approximately HK\$87,000. After adjusting for differences in closing stock between 31st March 2002 and 31st March 2001, net sales from Sa Sa Malaysia to Phillip Wain Malaysia was approximately HK\$24,000 (2001: nil). As at 31st March 2002, the net amount due from Phillip Wain Malaysia to Sa Sa Malaysia was approximately HK\$11,000 (2001: nil).

關連交易 (續)

Sa Sa Cosmetic Co. (S) Pte. Ltd. 及
Phillip Wain International (Singapore) Pte. Ltd.#

於截至二零零二年三月三十一日止年度內，本公司之全資附屬公司Sa Sa Cosmetic Co. (S) Pte. Ltd. (「新加坡莎莎」)，在日常業務過程中按一般商業條款向本公司擁有58.33%權益之附屬公司Phillip Wain International (Singapore) Pte. Ltd. (「新加坡PW」)銷售貨品。截至二零零二年三月三十一日止，新加坡PW應付新加坡莎莎之總採購額約為621,000港元。經調整二零零二年三月三十一日與二零零一年三月三十一日之期末存貨差額後，新加坡莎莎向新加坡PW出售貨品之淨銷售額約為332,000港元(二零零一年：無)。於二零零二年三月三十一日，新加坡PW欠付新加坡莎莎之款項淨額約為379,000港元(二零零一年：無)。

Hong Kong Sa Sa (M) Sdn. Bhd. 及
Phillip Wain (M) Sdn. Bhd.#

於截至二零零二年三月三十一日止年度內，本公司之全資附屬公司Hong Kong Sa Sa (M) Sdn. Bhd. (「馬來西亞莎莎」)，在日常業務過程中按一般商業條款向本公司擁有58.33%權益之附屬公司Phillip Wain (M) Sdn. Bhd. (「馬來西亞PW」)銷售貨品。截至二零零二年三月三十一日止，馬來西亞PW應付馬來西亞莎莎之總採購額約為87,000港元。經調整二零零二年三月三十一日與二零零一年三月三十一日之期末存貨差額後，馬來西亞莎莎向馬來西亞PW出售貨品之淨銷售額約為24,000港元(二零零一年：無)。於二零零二年三月三十一日，馬來西亞PW欠付馬來西亞莎莎之款項淨額約為11,000港元(二零零一年：無)。

CONNECTED TRANSACTIONS (CONTINUED)

關連交易 (續)

Sa Sa Cosmetic Company Limited and Ebeca Cosmetic (Holding) Limited[#]莎莎化粧品有限公司及依貝佳化妝品集團有限公司[#]

During the year ended 31st March 2002, Sa Sa Cosmetic sold goods to Ebeca Cosmetic (Holding) Limited ("Ebeca"), a wholly-owned subsidiary of Shenzhen Sa Sa Ebeca Enterprise Limited, which is a 55% owned subsidiary of the Company, in its ordinary course of business and on normal commercial terms. The total purchase price payable by Ebeca to Sa Sa Cosmetic as at 31st March 2002 was approximately HK\$578,000 (2001: nil).

於截至二零零二年三月三十一日止年度內，莎莎化粧品在日常業務過程中按一般商業條款向本公司擁有55%權益之附屬公司深圳莎莎依貝佳實業有限公司的全資附屬公司依貝佳化妝品集團有限公司（「依貝佳」）銷售貨品。截至二零零二年三月三十一日止，依貝佳應付莎莎化粧品之總採購額約為578,000港元（二零零一年：無）。

During the year ended 31st March 2002, Ebeca sold goods to Sa Sa Cosmetic in its ordinary course of business and on normal commercial terms. The total purchase price payable by Sa Sa Cosmetic to Ebeca as at 31st March 2002 was approximately HK\$635,000 (2001: nil). As at 31st March 2002, the net amount due from Sa Sa Cosmetic to Ebeca is approximately HK\$105,000 (2001: nil).

於截至二零零二年三月三十一日止年度內，依貝佳在日常業務過程中按一般商業條款向莎莎化粧品銷售貨品。截至二零零二年三月三十一日止，莎莎化粧品應付依貝佳之總採購額約為635,000港元（二零零一年：無）。於二零零二年三月三十一日，莎莎化粧品欠付依貝佳之款項淨額約為105,000港元（二零零一年：無）。

[#] The above transactions were entered into as Lisbeth, its subsidiaries and Ebeca were viewed as an extension of retail outlets of Sa Sa Cosmetic and its subsidiaries.

[#] 上述交易乃因Lisbeth、其附屬公司及依貝佳被視為莎莎化粧品及其附屬公司零售店舖的伸延。

Lisbeth Enterprises Limited and Mr. PHILLIPS, Edwin John

Lisbeth Enterprises Limited及
PHILLIPS, Edwin John先生

Lisbeth Enterprises Limited and Mr. WAIN, Barry Richard

Lisbeth Enterprises Limited及
WAIN, Barry Richard先生

On 31st July 2000, the Company entered into a Sale and Purchase Agreement whereby the Company conditionally agreed to acquire from Mr. WAIN, Barry Richard ("Mr. WAIN") his entire 5,000 shares in Lisbeth, representing 50% of its issued share capital at that time for a consideration of approximately HK\$79 million.

於二零零零年七月三十一日，本公司訂立一項買賣協議，據此，本公司有條件同意向WAIN, Barry Richard先生（「WAIN先生」）購入其持有之全數5,000股Lisbeth Enterprises Limited（「Lisbeth」）股份（佔Lisbeth當時已發行股本50%），代價約為79,000,000港元。

On the same day, the Company entered into a Subscription Agreement, whereby the Company conditionally agreed to subscribe for 2,000 new shares in Lisbeth, which together with the 5,000 shares acquired from Mr. WAIN representing approximately 58.33% of its enlarged issued share capital, for a consideration of approximately HK\$31 million.

同日，本公司訂立一項認購協議，據此，本公司有條件同意認購2,000股Lisbeth新股。該等新股連同向WAIN先生購入之5,000股（佔Lisbeth經擴大已發行股本約58.33%），代價約為31,000,000港元。

CONNECTED TRANSACTIONS (CONTINUED)

Lisbeth Enterprises Limited and Mr. PHILLIPS, Edwin John

Lisbeth Enterprises Limited and Mr. WAIN, Barry Richard (continued)

When the Sale and Purchase Agreement and Subscription Agreement were completed on 31st August 2000, the Company entered into two Option Agreements with Mr. PHILLIPS, Edwin John ("Mr. PHILLIPS"), an ex-director of Lisbeth. Under the first Option Agreement, the Company was given an option to acquire 2,000 shares in Lisbeth, representing 16.67% of the enlarged issued share capital of Lisbeth, from Mr. PHILLIPS within a period of one year from 31st August 2000 for a consideration of approximately HK\$31 million. Under the second Option Agreement, if the first Option Agreement is completed, Mr. PHILLIPS has an option to require the Company to acquire the remaining shares in Lisbeth held by Mr. PHILLIPS, representing 25% of its entire issued share capital within 5 years from completion of the first Option Agreement.

As part of the terms of the Sale and Purchase Agreement and Subscription Agreement, each of Mr. PHILLIPS and Mr. WAIN signed two promissory notes ("the Promissory Notes") on 31st August 2000 in the aggregate amount of HK\$12,024,573 and HK\$12,014,472 respectively in favour of Lisbeth. Of the total loan balances, HK\$1,168,683 is interest-bearing at 8.5% per annum. The remaining loan balances are interest free. All the loans are unsecured and are repayable upon the earlier of (i) one year from 31st August 2000 or (ii) date of completion of the first Option Agreement. In the event that the amount due under the Promissory Notes are not paid in full when due, Lisbeth is entitled to charge interest on such unpaid amount (to the extent permitted by applicable law) for the period from the date such amount was due until such amount shall have been paid in full at such interest rate per annum as is equal to 3% per annum over the prime lending rate quoted from time to time by The Hongkong & Shanghai Banking Corporation Limited ("Default Interest Charges"). Both Mr. PHILLIPS and Mr. WAIN defaulted in payment of the Promissory Notes when they were due on 31st August 2001. As a result of the default in payment by Mr. PHILLIPS and Mr. WAIN, Default Interest Charges on the Promissory Notes were raised against Mr. PHILLIPS and Mr. WAIN. As at 31st March 2002, an amount of HK\$14,168,000 (2001: HK\$11,542,685) and HK\$12,648,000 (2001: HK\$11,119,059) were due from Mr. PHILLIPS and Mr. WAIN respectively.

關連交易 (續)

Lisbeth Enterprises Limited及
PHILLIPS, Edwin John先生Lisbeth Enterprises Limited及
WAIN, Barry Richard先生 (續)

在買賣協議及認購協議於二零零零年八月三十一日完成後，本公司與Lisbeth前任董事PHILLIPS, Edwin John (「PHILLIPS先生」)訂立兩項購股權協議。根據第一項購股權協議，本公司有選擇權自二零零零年八月三十一日起計一年內，向PHILLIPS先生購入2,000股Lisbeth股份(佔Lisbeth經擴大已發行股本16.67%)，代價約為31,000,000港元。根據第二項購股權協議，倘第一項選擇權協議得以完成，PHILLIPS先生有選擇權要求本公司在第一項購股權協議完成後五年內，向PHILLIPS先生購入其所持有之餘下Lisbeth股份(佔Lisbeth全部已發行股本25%)。

作為買賣協議及認購協議的部份條款，於二零零零年八月三十一日，PHILLIPS先生及WAIN先生以Lisbeth為受益人，各自簽訂兩張承付票(「承付票」)，總金額分別為12,024,573港元及12,014,472港元。在貸款結餘總額中，其中1,168,683港元須按年息率8.5厘計算利息，而餘下之貸款結餘則免息。所有貸款均為無抵押，並須在以下較早之日期前償還：(i) 自二零零零年八月三十一日起計一年後，或(ii) 第一項購股權協議之完成日期。倘在承付票下之欠款未能如期全數清付，則Lisbeth有權就上述未付之金額收取利息(以適用法例批准者為限)，由上述金額到期日起至全數付清為止之期間，按香港上海匯豐銀行有限公司不時所報之最優惠年息率加3厘計算利息(「未付欠款利息」)。由於PHILLIPS先生及WAIN先生於二零零一年八月三十一日均未能如期付款，因此就承付票向PHILLIPS先生及WAIN先生收取未付欠款利息。於二零零二年三月三十一日，PHILLIPS先生及WAIN先生之欠款分別為14,168,000港元(二零零一年：11,542,685港元)及12,648,000港元(二零零一年：11,119,059港元)。

CONNECTED TRANSACTIONS (CONTINUED)

Lisbeth Enterprises Limited and Mr. PHILLIPS, Edwin John

Lisbeth Enterprises Limited and Mr. WAIN, Barry Richard (continued)

During the year ended 31st March 2002, interest and Default Interest Charges amounting to HK\$1,603,000 were raised against Mr. PHILLIPS in respect of amount due under the two promissory notes executed by Mr. PHILLIPS in favour of Lisbeth, expenses paid by Lisbeth on behalf of Mr. PHILLIPS and withdrawals made by Mr. PHILLIPS from Lisbeth.

During the year ended 31st March 2002, interest and Default Interest Charges amounting to HK\$1,530,000 were raised against Mr. WAIN in respect of amount due under the two promissory notes executed by Mr. WAIN in favour of Lisbeth.

Loans to Lisbeth Enterprises Limited and its subsidiaries

On 11th June 2002, Sa Sa Cosmetic, Sa Sa Singapore and Sa Sa Malaysia ("the Lenders"), indirect wholly-owned subsidiaries of the Company in Hong Kong, Singapore and Malaysia respectively, advanced loans in the principal sum of HK\$1,000,000, S\$700,000 (equivalent to approximately HK\$3,017,000) and M\$1,000,000 (equivalent to approximately HK\$2,060,000) to Lisbeth, Phillip Wain Singapore and Phillip Wain Malaysia ("the Borrowers") respectively, indirect non-wholly owned subsidiaries of the Company in Hong Kong, Singapore and Malaysia respectively. The loans bear interest at annual rates equal to the prime lending rate quoted by The Hong Kong & Shanghai Banking Corporation Limited at its principal office at Hong Kong for the loan to Lisbeth, the prime lending rate quoted by The Hong Kong & Shanghai Banking Corporation Limited at its principal office in Singapore for the loan to Phillip Wain Singapore and the base lending rate quoted by Malayan Banking Berhad Limited at its principal office in Kuala Lumpur for the loan to Phillip Wain Malaysia and are repayable on demand. No security was granted by the Borrowers to the Lenders in relation to the loans but the Borrowers have executed promissory notes on 11th June 2002 in favour of the Lenders evidencing the loans. The purpose of the loans is to support the business of the Borrowers.

關連交易 (續)

Lisbeth Enterprises Limited 及
PHILLIPS, Edwin John 先生Lisbeth Enterprises Limited 及
WAIN, Barry Richard 先生 (續)

截至二零零二年三月三十一日止年度，向PHILLIPS先生應收取以Lisbeth為受益人而簽立之兩張承付票下之欠款、Lisbeth代PHILLIPS先生支付之費用及PHILLIPS先生在Lisbeth提取之款項之利息及未付欠款利息共1,603,000港元。

截至二零零二年三月三十一日止年度，向WAIN先生應收取以Lisbeth為受益人而簽立之兩張承付票下之欠款之利息及未付欠款利息共1,530,000港元。

向Lisbeth Enterprises Limited 及
其附屬公司提供之貸款

於二零零二年六月十一日，莎莎化粧品、新加坡莎莎及馬來西亞莎莎（「放款人」）（本公司分別在香港、新加坡及馬來西亞間接全資擁有之附屬公司）分別貸款予Lisbeth、新加坡PW及馬來西亞PW（「借款人」）（本公司分別在香港、新加坡及馬來西亞間接非全資擁有之附屬公司），貸款本金額分別為1,000,000港元、700,000新加坡元（約相等於3,017,000港元）及1,000,000馬來西亞元（約相等於2,060,000港元）。該等貸款為計息貸款，就Lisbeth的貸款而言，年利率為香港上海滙豐銀行有限公司香港總行所報的最優惠放款利率；就新加坡PW的貸款而言，年利率為香港上海滙豐銀行有限公司新加坡總行所報的最優惠放款利率；就馬來西亞PW的貸款而言，年利率為Malayan Banking Berhad Limited吉隆坡總行所報的基本放款利率。借款人並無就該等貸款向放款人提供任何擔保，惟借款人已於二零零二年六月十一日為放款人簽立承付票作為該等貸款之憑證。有關貸款用作支援借款人之業務運作。

CONNECTED TRANSACTIONS (CONTINUED)

Service Agreement of an ex-director

On 2nd August 1999, the Company, entered into a service agreement (“Service Agreement”) with Mr. KING, Roger (“Mr. KING”) to appoint Mr. KING as the president and chief executive officer of the Company. At the same time, Mr. KING, who was previously an independent non-executive director of the Company, has been appointed as an executive director of the Company.

Pursuant to the Service Agreement, a total of 9,000,000 new shares in the Company would be issued to Mr. KING over a period of three years as his remuneration and he would also be granted options to subscribe for shares (“Option Shares”) in the Company in accordance with the terms set out in the Service Agreement. The issue of new shares and Option Shares to Mr. KING constituted a connected transaction for the purposes of Chapter 14 of the Listing Rules which transaction was approved by shareholders of the Company at an extraordinary general meeting held on 14th September 1999.

As of 31st March 2002, a total of 16,238,500 shares were issued to Mr. KING pursuant to the above Agreement.

The Service Agreement of Mr. KING was completed on 10th May 2002.

關連交易 (續)

一名前董事之服務協議

本公司於一九九九年八月二日與金樂琦先生(「金先生」)簽訂一份服務協議(「服務協議」)委任金先生為本公司之總裁兼行政總裁。金先生原為本公司之獨立非執行董事，後獲委任為本公司之執行董事。

根據服務協議，本公司須於三年內發行新股份共9,000,000股予金先生作為報酬，及按服務協議所載之條款，金先生已獲授予購股權以認購本公司股份(「購股權股份」)。根據證券上市規則第14章，發行新股及購股權股份予金先生構成一項關連交易。該交易已於本公司一九九九年九月十四日召開之股東特別大會中獲股東批准。

於二零零二年三月三十一日本公司已根據上開協議發行共16,238,500股股份予金先生。

金先生的服務協議已於二零零二年五月十日完成。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st March 2002, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, the shareholders who had or were deemed to have interest in 10% or more of the Company's issued share capital were:

| Name 股東名稱 | Number of ordinary shares beneficially held 實益持有之普通股數目 |
|-----------------------------|--|
| Sunrise Height Incorporated | 696,780,000 (Note) (附註) |
| Green Ravine Limited | 201,726,400 (Note) (附註) |

Note:

Both Sunrise Height Incorporated and Green Ravine Limited are owned as to 50% each by Mr. KWOK, Siu Ming, Simon and Mrs. KWOK, Law Kwai Chun, Eleanor.

Save as disclosed above, no person was recorded in the register as having an interest amounting to 10% or more of the issued share capital of the Company as at 31st March 2002.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

主要股東權益

於二零零二年三月三十一日，根據披露權益條例第16(1)條之規定存置之權益冊顯示，以下股東擁有或被視作擁有本公司已發行股本10%或以上權益：

| Name 股東名稱 | Number of ordinary shares beneficially held 實益持有之普通股數目 |
|-----------------------------|--|
| Sunrise Height Incorporated | 696,780,000 (Note) (附註) |
| Green Ravine Limited | 201,726,400 (Note) (附註) |

附註：

郭少明先生及郭羅桂珍女士各擁有 Sunrise Height Incorporated 50% 股權，亦各擁有 Green Ravine Limited 50% 股權。

除上文所披露者外，權益冊內再無記錄任何人士於二零零二年三月三十一日擁有本公司已發行股本10%或以上權益。

管理合約

本公司於本年度並無簽訂或存有管理本公司整體或其中重要部份業務的合約。

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange throughout the year, except that two of the independent non-executive directors are not appointed for a specific term as recommended under paragraph 7 of Appendix 14 of the Listing Rules but are subject to retirement by rotation at the Annual General Meeting in accordance with the Articles of Association of the Company.

AUDIT COMMITTEE

In compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, the Company has established an Audit Committee comprising three independent non-executive directors and has adopted the terms of reference governing the authority and duties of the Audit Committee.

On 4th December 2001, Dr. LEUNG Kwok Fai, Thomas was appointed as a member of the Audit Committee to fill the vacancy left by Mr. COULL, Gary William John who retired as a director of the Company at the Annual General Meeting held on 30th August 2001. The present members of the Audit Committee are Professor CHAN, Yuk Shee, Mr. CHENG, Ming Fun, Paul and Dr. LEUNG, Kwok Fai, Thomas.

AUDITORS

PricewaterhouseCoopers, being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the Annual General Meeting.

By order of the Board
Kwok Siu Ming, Simon
Chairman

Hong Kong, 19th July 2002

最佳應用守則

董事會認為本公司於年內一直遵守聯交所上市規則附錄十四最佳應用守則，惟並無根據上市規則附錄十四第7段建議，於委任兩名獨立非執行董事時訂明其在任期限，而根據本公司之公司組織章程細則規定，本公司之獨立非執行董事須於每年股東週年大會上輪值退任。

審核委員會

根據上市規則附錄十四最佳應用守則之規定，本公司已成立了審核委員會，成員包括三位獨立非執行董事，並已制訂職權範圍書，列明審核委員會會員之職務及責任。

於二零零一年十二月四日，梁國輝博士被委任為審核委員會成員，以填補於二零零一年八月三十日股東週年大會退任本公司董事的顧家利先生的空缺。審核委員會現時成員為陳玉樹教授、鄭明訓先生及梁國輝博士。

核數師

本集團核數師，羅兵咸永道會計師事務所符合資格接受續聘，本公司將於股東週年大會上為此提呈決議案。

承董事會命
主席
郭少明

香港，二零零二年七月十九日