

The Directors are pleased to present their report and the audited consolidated financial statements of Peace Mark (Holdings) Limited (the "Company") and its subsidiaries (together with the Company hereinafter referred to as the "Group") for the year ended 31 March, 2003.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the Group's principal subsidiaries are set out in note 18 to the financial statements.

## SEGMENT INFORMATION

An analysis of the Group's segment information is set out in note 4 to the financial statements.

## RESULTS AND APPROPRIATION

Details of the results of the Group for the year ended 31 March, 2003 are set out in the consolidated income statement on page 83 and the accompanying notes to the financial statements.

Particulars of dividends proposed and paid during the year are set out in note 12 to the financial statements.

To celebrate the 10th listing anniversary of the Company on the Stock Exchange of Hong Kong Limited, the directors also propose a bonus issue of warrants to shareholders whose names appear on the register of members of the Company on Friday, 1 August, 2003 on the basis of one warrant for every five shares held by such shareholders. The bonus warrants will be issued in registered form and will be exercisable at any time from 5 August, 2003 (being the expected date of issue) until 4 August, 2005, both days inclusive. Each bonus warrant will entitle the holder thereof to subscribe for one new share at an initial subscription price of HK\$0.65, subject to adjustment in accordance with the terms of the warrants.

董事會欣然提呈宜進利(集團)有限公司(「本公司」)及其附屬公司(連同本公司,統稱「本集團」)截至二零零三年三月三十一日止年度之年報及經審核綜合財務報告。

## 主要業務

本公司乃一投資控股公司。本公司屬下各附屬公司之主要業務刊載於財務報告附註18。

## 分部資料

本集團之分部資料分析載於財務報告附註4。

## 業績及分配

本集團截至二零零三年三月三十一日止年度之業績詳情載於第83頁之綜合收益表及隨附之財務報告附註。

本年度內建議及已經派付之股息詳情載於財務報告附註12。

為慶祝公司於香港聯合交易所有限公司上市十週年,董事會亦建議向於二零零三年八月一日(星期五)名列本公司股東名冊之股東發行紅利認股權證,基準為股東每持有五股股份可獲發一份認股權證。紅利認股權證將以記名方式發行,並於二零零三年八月五日(預期發行日期)至二零零五年八月四日止期間(包括首尾兩天)隨時可予行使。每份紅利認股權證賦予持有人權利,以初步認購價0.65港元(可根據此新認股權證之條款予以調整)認購一股新股。

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 30 July, 2003 to Friday, 1 August, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and Bonus Warrant Issue, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 29 July, 2003.

## RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

## DISTRIBUTABLE RESERVES

As at 31 March, 2003, the reserves of the Company available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to approximately HK\$398.3 million. In addition, the share premium of the Company, in the amount of approximately HK\$76.7 million, may be distributed in the form of fully paid bonus shares.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results of the Group for the last five financial years and the assets and liabilities of the Group as at the end of the last five financial years is set out on pages 166 to 167 of the Annual Report.

## CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK\$397,000.

## 暫停辦理股份過戶及登記

本公司將於二零零三年七月三十日(星期三)至二零零三年八月一日(星期五)(包括首尾兩天)暫停辦理股份過戶及登記手續,期間將不會處理股份轉讓事宜。股東如欲收取末期股息及符合參與發行紅利認股權證的資格,須於二零零三年七月二十九日(星期二)下午四時正前將所有股份過戶文件連同有關股票,送交本公司在香港的股份過戶登記分處秘書商業服務有限公司,地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

## 儲備

本年度內,本集團及本公司儲備之變動情況刊載於財務報告附註29。

## 可分派儲備

於二零零三年三月三十一日,按百慕達一九八一年公司法計算之本公司可分派儲備約達398,300,000港元。此外,本公司之股份溢價約為76,700,000港元,並可以繳足紅股之方式分派。

## 五年財務概要

本集團於過去五個財政年度之業績概要及過去五個財政年度結算日之資產及負債概要載於本年報第166至167頁。

## 慈善捐款

本集團於年內作出之慈善捐款為397,000港元。

## FIXED ASSETS

During the year, the Group spent approximately HK\$101.7 million on the acquisition of fixed assets.

Details of the movements in the fixed assets of the Group during the year are set out in note 15 to the financial statements.

## INTANGIBLE ASSETS

Details of the movements in the intangible assets of the Group during the year are set out in note 16 to the financial statements.

## SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are set out in note 18 to the financial statements.

## SHARE CAPITAL

During the year, the Company raised equity capital by way of rights issue. The net proceeds of the rights issue of HK\$62 million were used as follows:

- about HK\$24 million for establishing a distribution arm in the United States;
- about HK\$10 million for promoting the Group's licensed products through the distribution arm aforementioned;
- about HK\$17 million for developing its distribution network in the PRC; and
- the remaining balance for the use as the general working capital of the Company.

Details of these and other movements in the share capital of the Company during the year are set out in note 28 to the financial statements.

## 固定資產

年內，本集團耗資約101,700,000港元收購固定資產。

本集團之固定資產年內變動詳情載於財務報告附註15。

## 無形資產

在財務年度內，本集團之無形資產變動詳情載於財務報告附註16。

## 附屬公司

本公司主要附屬公司之詳細資料載於財務報告附註18。

## 股本

年內，本公司透過供股而籌集股本。供款所得款項淨額62,000,000港元已用作下列用途：

- 約24,000,000港元用作在美國成立分銷部門；
- 約10,000,000港元用作透過上述之分銷部門推廣本集團之特許權產品；
- 約17,000,000港元用作開拓其在中國之分銷網絡；及
- 餘額用作本公司一般營運資金。

本年度內本公司股本之該等及其他變動詳情，載於財務報告附註28。

## BORROWINGS

Particulars of the Group's and Company's borrowings and obligations under finance leases are set out in notes 25 and 26 to the financial statements respectively.

## RETIREMENT SCHEME BENEFITS

Details of retirement scheme benefits are set out in note 3(p) (ii) to the financial statements.

## SUBSEQUENT EVENTS

Details of the subsequent events of the Group which took place subsequent to 31 March, 2003 and up to the date of the report are set out in note 38 to the financial statements.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

### Executive Directors

Mr. Chau Cham Wong, Patrick (*Chairman*)

Mr. Leung Yung (*Managing Director*)

Mr. Tsang Kwong Chiu, Kevin

Mr. Man Kwok Keung

Mr. Cheng Kwan Ling

### Independent Non-Executive Directors

Sir Oswald Cheung, C.B.E., LL.D., D.Soc.Sc., J.P.

Ms. Susan So

Mr. Kwok Ping Ki, Albert (appointed on 19 November, 2002)

The Honorable Lau Wong Fat, G.B.S., J.P.

(resigned on 1 January, 2003)

## 借款

本集團及本公司之借款及融資租賃承擔之詳情，分別載於財務報告附註25及26。

## 退休福利計劃

退休福利計劃之詳情載於財務報告附註3 (p) (ii)。

## 結算日後事項

二零零三年三月三十一日後及截至本報告日期該日之本集團結算日後事項詳情，載於財務報告附註38。

## 董事

本年度內及截至本報告日期之本公司董事如下：

### 執行董事

周湛煌先生 (*主席*)

梁 榕先生 (*董事總經理*)

曾廣釗先生

文國強先生

鄭坤寧先生

### 獨立非執行董事

張奧偉爵士 C.B.E., LL.D., D.Soc.Sc., J.P.

葉蘇丹丹女士

郭炳基先生 (於二零零二年十一月十九日獲委任)

劉皇發議員 G.B.S., J.P.

(於二零零三年一月一日辭任)

In accordance with article 86(2) of the Company's Bye-laws, Mr. Kwok Ping Ki, Albert, who was appointed by the Board of Directors, shall hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election. Pursuant to articles 87(1) and 87(2) of the Company's Bye-laws, Mr. Man Kwok Keung shall retire and offer himself for re-election at the forthcoming annual general meeting.

The terms of office of Independent Non-executive Directors are subject to retirement by rotation in accordance with the Bye-laws.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and of the senior management of the Group are set out on pages 27 to 33 of this report.

### DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Group, which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensations.

根據本公司之公司細則第86(2)條，郭炳基先生獲董事會委任，並將任職至即將舉行之股東週年大會為止，彼將依章告退，惟其符合資格，並願膺選連任。根據本公司之公司細則第87(1)及87(2)條，文國強先生依章告退，並符合資格，願膺選連任。

獨立非執行董事須按公司細則規定輪值告退。

### 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之履歷詳情載於本報告第61至67頁。

### 董事服務合約

各位願在即將舉行之股東週年大會上膺選連任之董事與本集團概無訂有不出作賠償(法定賠償除外)則不可於一年內終止之未屆滿服務合約。

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 March, 2003, the interests of the Directors and their associates in the securities of the Company, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Section 28 of the SDI Ordinance and the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

## 董事之證券權益

於二零零三年三月三十一日，各董事及其聯繫人士根據證券(披露權益)條例(「披露權益條例」)第29條須記錄於本公司存置之登記冊內或根據披露權益條例第28條以及香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)內上市公司董事進行證券交易的標準守則須另行知會本公司及聯交所之權益如下：

Directors 董事		Number of Ordinary Shares 普通股數目		
		Personal interests 個人權益	Corporate interests 公司權益	Number of share options 購股權數目
Mr. Chau Cham Wong, Patrick	周湛煌先生	60,039,963	196,321,413 (note a) (註a)	—
Mr. Leung Yung	梁 榕先生	—	255,274,988 (note b) (註b)	—
Mr. Tsang Kwong Chiu, Kevin	曾廣釗先生	5,750,000	—	—
Mr. Man Kwok Keung	文國強先生	—	—	1,035,000
Mr. Cheng Kwan Ling	鄭坤寧先生	235,000	—	—

Notes:

註：

- a. This represents the interest held by A-ONE INVESTMENTS LIMITED, a company owned as to 50.45% by Mr. Chau Cham Wong, Patrick.
- b. 58,953,575 shares are held by United Success Enterprises Limited which is wholly owned by Mr. Leung Yung. The balance of 196,321,413 shares are held by A-ONE INVESTMENTS LIMITED, a company owned as to 49.55% by Mr. Leung Yung.

- a. 代表A-ONE INVESTMENTS LIMITED(周湛煌先生擁有50.45%權益之公司)持有之權益。
- b. 58,953,575股股份由United Success Enterprises Limited(梁榕先生全資擁有之公司)持有，其餘196,321,413股股份由A-ONE INVESTMENTS LIMITED(梁榕先生擁有49.55%權益之公司)持有。

Save as disclosed above and other than certain nominee shares in subsidiaries of the Company being held by the Directors in trust for the Company, as at 31 March, 2003, none of the Directors, chief executives or their associates had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the Directors and chief executives, or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

### SHARE OPTION SCHEME

Share options are granted to the Directors, employees and other eligible persons under the Share Option Scheme of the Company (the "Scheme") adopted on 24 January, 2002. Details of the Scheme are set out in note 30 to the financial statements.

### SUBSTANTIAL SHAREHOLDERS

As at 31 March, 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had interests of 10% or more in the issued share capital of the Company:

Name 名稱／姓名	Number of Shares 股份數目	% 百分比
Mr. Chau Cham Wong, Patrick 周湛煌先生	60,039,963*	10
United Success Enterprises Limited**	58,953,575*	9
A-ONE INVESTMENTS LIMITED***	196,321,413*	31

除上文所披露者及董事以本公司受託人身份持有本公司之附屬公司若干代理人股份外，於二零零三年三月三十一日，各董事、主要行政人員或其聯繫人士概無於本公司或其任何聯繫公司(定義見披露權益條例)之證券中擁有任何個人、家族、公司或其他權益。此外，各董事及主要行政人員或其配偶或十八歲以下的子女，均無任何可認購本公司證券之權利，或曾於年內行使任何該等權利。

### 購股權計劃

本公司根據於二零零二年一月二十四日採納之購股權計劃(「該計劃」)，向董事、僱員及其他合資格人士授出購股權。該計劃之詳情載於財務報告附註30。

### 主要股東

於二零零三年三月三十一日，根據證券披露權益條例第16(1)條存置之主要股東登記冊所示，下列股東於本公司股本擁有權益10%或以上：

- \* Identical to those disclosed above as Directors' Interests in Securities.
- \*\* United Success Enterprises Limited is wholly-owned by Mr. Leung Yung.
- \*\*\* A-ONE INVESTMENTS LIMITED is beneficially owned as to 50.45% by Mr. Chau Cham Wong, Patrick and 49.55% by Mr. Leung Yung.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31 March, 2003.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements that enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

## DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company nor any of its subsidiaries 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.

- \* 與上文董事之證券權益所披露者相同。
- \*\* United Success Enterprises Limited 由梁榕先生全資擁有。
- \*\*\* A-ONE INVESTMENTS LIMITED 由周湛煌先生實益擁有 50.45% 權益及由梁榕先生實益擁有 49.55% 權益。

除上文所披露者外，於二零零三年三月三十一日，本公司並無獲悉任何人士擁有本公司已發行股本10%或以上之任何其他權益。

## 董事購入股份或債券之權利

除上文所披露者外，本公司或其任何附屬公司於本年度內任何時間概無訂立任何安排，使本公司董事能藉購入本公司或任何其他法團之股份或債券而獲益，而董事、其配偶或彼等未滿十八歲之子女亦概無擁有任何權利認購本公司證券，且於本年度內亦概無行使任何有關權利。

## 董事之合約權益

本公司或其任何附屬公司於年終時或本年度任何時間均無訂立任何重要而本公司董事可直接或間接獲得重大利益之合約。



## CONNECTED TRANSACTIONS

The details of the transactions made during the year were set out in note 14 to the financial statements according to the Listing Rules.

On 6 June, 2002, A-ONE INVESTMENTS LIMITED ("A-ONE"), an investment holding company owned as to 50.45% by Mr. Chau Cham Wong, Patrick and 49.55% by Mr. Leung Yung, entered into an underwriting agreement (the "Underwriting Agreement") with the Company regarding the then proposed rights issue of the Company as stated in the announcement dated 6 June, 2002. Since A-ONE is an associate of both Mr. Chau Cham Wong, Patrick and Mr. Leung Yung who are the substantial shareholders and executive directors of the Company, the Underwriting Agreement is a connected transaction for the Company which is exempted from shareholders' approval requirements pursuant to Rule 14.24(b)(c) of the Listing Rules.

Save as disclosed above, there were no other transactions which needed to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March, 2003, the five largest ultimate customers to whom the goods were exported by the Group together accounted for not more than 50% of the Group's turnover for which the largest ultimate customer accounting for not more than 10%, and the five largest suppliers of the Group accounted for not more than 95% of the Group's purchases for which the largest supplier accounting for approximately 46%.

Save as disclosed above, none of the Directors, their associates nor any shareholder who, to the knowledge of the Directors own more than 5% of the Company's share capital, had an interest in any of the five largest suppliers or customers.

## 關連交易

年內進行之交易詳情根據上市規則載於財務報告附註14。

於二零零二年六月六日，周湛煌先生擁有50.45%權益及梁裕先生擁有49.55%權益之投資控股公司A-ONE INVESTMENTS LIMITED (「A-ONE」)與本公司就二零零二年六月六日公佈所述本公司當時建議供股而訂立包銷協議(「包銷協議」)。由於A-ONE為周湛煌先生及梁裕先生(為本公司主要股東及執行董事)之聯繫人士，故包銷協議為本公司之關連交易，該項交易乃根據上市規則第14.24(b)(c)條獲豁免取得股東批准。

除上文披露者外，概無任何根據上市規則之規定須作披露之關連交易。

## 主要客戶及供應商

截至二零零三年三月三十一日止年度，本集團向五大最終客戶出口之貨品共佔總營業額不足50%，其中最大最終客戶佔不足10%，而本集團五大供應商則佔本集團總採購額不足95%，其中最大供應商約佔46%。

除上文所披露者外，各董事、其聯繫人士或據董事所知擁有本公司股本超過5%之任何股東，均無擁有該五大供應商或客戶之任何權益。

## PROPERTIES

Details of the properties of the Group as at 31 March, 2003 are set out on pages 164 to 165 of this report.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased 1,000,000 ordinary shares of the Company in the Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$420,000 before expenses. The repurchased shares were subsequently cancelled. The repurchase was effected by the Directors for the enhancement of shareholders value in the long term. Details of the shares repurchased are as follows:

Month of repurchase 購回之月份	Number of Shares repurchased 所購回之股份數目	Price per share 每股股份價格	Aggregate price paid 所付出總代價
March 2003 二零零三年三月	1,000,000	HK\$0.42 0.42港元	HK\$420,000 420,000港元

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed 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 although there are no restrictions against such rights under the laws in Bermuda.

## 物業

本集團於二零零三年三月三十一日之物業詳情載於本年報第164至165頁。

## 買賣或贖回股份

本年度內，本公司在香港聯合交易所有限公司購回1,000,000股本公司普通股，未計開支前總代價為420,000港元，所購回之股份已於其後註銷。購回乃董事為提高長線股東價值而作出，所購回股份之詳情如下：

除上文披露者外，本年度內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

## 股份優先購買權

百慕達法例並無對股份優先購買權作出任何限制，而本公司細則亦無任何有關該項權利之規定。

## AUDIT COMMITTEE

Under the Listing Rules and with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants, the Company established an audit committee (the "Audit Committee").

The existing members of the Audit Committee include the three Independent Non-Executive Directors of the Company. Amongst the committee's principal duties are to conduct regular meetings with the Executive Directors in order to review the Company's financial reporting process and internal controls as well as to consider the scope and nature of the audit.

## CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for the year ended 31 March, 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that Independent Non-Executive Directors are not appointed for a specific term as they are subject to retirement by rotation at the Annual General Meeting of the Company in accordance with the Company's Bye-laws.

## 審核委員會

本公司乃根據上市規則及參照香港會計師公會頒佈之「審核委員會成立指引」而成立審核委員會（「審核委員會」）。

審核委員會目前之成員計有本公司三位獨立非執行董事。審核委員會之主要職責是與執行董事定期舉行會議，以審閱本公司之財務申報程序及內部監控，並考慮審核之範疇與性質。

## 最佳應用守則

根據本公司董事會所知概無任何資料可合理顯示本公司目前未有或於截至二零零三年三月三十一日止年度未有遵守上市規則附錄十四所載之最佳應用守則，惟獨立非執行董事根據本公司之公司細則須在本公司之股東週年大會上輪值告退，故並無固定任期。

## AUDITORS

The financial statements for the year ended 31 March, 2003 were audited by Messrs. Chu and Chu, Certified Public Accountants. A resolution will be submitted to the forthcoming Annual General Meeting of the Company to reappoint them as auditors.

On behalf of the Board

代表董事會



Chau Cham Wong, Patrick

周湛煌

*Chairman*

主席

Hong Kong

26 June, 2003

## 核數師

截至二零零三年三月三十一日止年度之財務報告由朱永昌、朱國正會計師事務所審核。於本公司即將舉行之股東週年大會上將提呈決議案，續聘該行為本公司核數師。

香港

二零零三年六月二十六日