

For the year ended 31st March, 2003, the Group achieved a turnover of HK\$438,381,000 (2002: HK\$589,719,000) and a loss of HK\$2,565,000 (2002: HK\$120,315,000), representing a decrease of 26% in turnover and 98% in loss attributable to shareholders as compared to the last financial year.

### DIVIDEND

The directors of the Company ("Directors") do not recommend the payment of a dividend for the year ended 31st March, 2003.

### REVIEW OF OPERATIONS

#### Digital and communication technology products

This is a new line of business developed by the Group during the year under review.

In November 2002, the Group started to deploy resources in the trading and retailing of MP3 player products in the PRC and Hong Kong, and engaged in a series of advertising campaign to promote its MP3 player products under the brand name "Matsunichi".

On 9th December, 2002, the Company acquired the 100% equity interests in Matsunichi Technology (Dalian) Company Limited ("Dalian") (formerly known as "Dalian Meca Web Communication Limited"), which is fully equipped to manufacture high technology consumer electronic products. With the fully integrated manufacturing facility of Dalian, the Group intends to produce MP3 players on a mass scale.

During the year under review, the Group has also established its own design and marketing team in the PRC and Hong Kong and has launched a series of digital products, including two generations of MP3 digital recorders/ players and other computer-related peripherals, to the market.

The on-going advertising campaign in MP3 players has successfully aroused brand name awareness and expanded the digital products of the Group into the high-end computer consumer markets in both Hong Kong and the PRC. The Group's digital products are now well received by the markets and have contributed a segment profit of HK\$15,981,000 for the year ended 31st March, 2003 (2002: nil).

截至二零零三年三月三十一日止年度，本集團錄得營業額438,381,000港元（二零零二年：589,719,000港元）及虧損2,565,000港元（二零零二年：120,315,000港元），與上一個財政年度比較，營業額減少26%，而股東應佔虧損則減少98%。

### 股息

本公司之董事（「董事」）建議不派發截至二零零三年三月三十一日止年度之股息。

### 業務回顧

#### 數碼及通訊科技產品

此乃本集團於本年度內開發的新業務。

於二零零二年十一月，本集團開始投放資源，在中國及香港發展MP3播放機產品的貿易及零售業務，並策動一連串的廣告攻勢，藉以推廣「松日」商標的MP3播放機產品。

於二零零二年十二月九日，本公司購入松日科技（大連）有限公司（「大連」）（前稱「大連美佳網訊科技有限公司」）之100%股權。大連之設備完善，可即時投入製造高科技消費電子產品。藉着大連的全面綜合生產設施，本集團有意大批量生產MP3播放機。

在回顧年度內，本集團亦在中國及香港成立了本身的設計及市場推廣隊伍，並推出一系列的數碼產品，包括在市場內推出兩代的MP3數碼錄音／播放機及其他與電腦相關的週邊產品。

源源不斷的廣告攻勢不但成功使市場認識本集團之MP3播放機，亦成功在香港及中國把本集團的數碼產品提升至高檔電腦消費市場。本集團的數碼產品深受市場歡迎，截至二零零三年三月三十一日止年度有關業務分類亦為本集團帶來15,981,000港元之溢利貢獻（二零零二年：無）。

### Apparel & peripherals

The Group's apparel trading and retailing business is mainly operating under two well-known French labels, namely, "Balenciaga" and "Smalto".

The continued slowdown of Hong Kong economy has affected the apparel retailing market of Hong Kong. In order to sustain its turnover, the Group has to lower its overall profit margin in its apparel business. As a result, the apparel segment achieved a slight decrease in turnover of HK\$151,172,000 (2002: HK\$159,520,000) and a loss of HK\$975,000 (2002: profit of HK\$1,718,000). The Group is seeking for appropriate actions to improve the performance of this segment.

### Publishing and printing

On 22nd July, 2002, the Group disposed of its newspaper and magazine publishing and offset printing businesses (the "Disposal") pursuant to a sale and purchase agreement dated 10th June, 2002 entered into between Emperor International Holdings Limited and the Company. Details of the transaction were disclosed in the circular of the Company dated 29th June, 2002.

The Disposal enabled the Group to realize its investment in the publishing and printing operations and provided a good opportunity for the Group to rationalize its business and to best allocate its resources for future investment opportunities.

During the year and prior to the Disposal, the publishing and printing businesses generated a segment loss of HK\$14,351,000 (2002: HK\$100,610,000) to the Group.

### Marine products

During the year, the management has decided to trim down the operation of its marine business, by the closing down of its marine wholesale and retail business in November 2002 and the disposal of its glass eels trading operation to a third party in January 2003.

### 衣飾及配飾

本集團之衣飾貿易及零售業務目前主要以兩個法國著名品牌－「巴黎世家」及「Smalto」經營。

香港經濟持續放緩使香港的衣飾零售市場深受其害。為保持其營業額水平，本集團需要降低在衣飾業務方面之整體邊際溢利。因此，有關衣飾之業務分類營業額輕微減少至151,172,000港元（二零零二年：159,520,000港元），而虧損則為975,000港元（二零零二年：溢利1,718,000港元）。本集團正在努力謀求適當方法及行動以改善此業務分類之表現。

### 出版及印刷

於二零零二年七月二十二日，本集團根據英皇集團（國際）有限公司與本公司於二零零二年六月十日訂立之買賣協議，出售本集團之報章及雜誌出版及柯式印刷業務（「出售事項」）。有關交易之詳細資料於二零零二年六月二十九日於本公司刊發之通函內披露。

出售事項能讓本集團變現其於出版及印刷業務之投資。出售事項亦為本集團提供良機以整頓其業務及將其資源更有效地分配，以掌握日後之投資商機。

在本年度內及在出售事項之前，本集團錄得之出版及印刷業務分類虧損為14,351,000港元（二零零二年：100,610,000港元）。

### 水產貿易

在本年度內，管理層已決定透過在二零零二年十一月終止其水產批發及零售業務，縮小其水產業務規模。本集團亦已於二零零三年一月向一位第三者出售其鰻魚貿易業務。

## PROSPECTS

The Company shall continue to seek for new business opportunities for the long term development of the Group with the intention to broaden the revenue base of the Group and offer satisfactory returns to its shareholders.

Taking into the account of the profit contributed by the digital & communication technology related business this year, the management takes the view that it is in the interest of the Group to continue the development of its digital and communication technology related business. The Group plans to expand its digital & communication product lines to include the high-end pocket PC and mobile handsets in the near future. The Group shall also strengthen its distribution channels and explore overseas markets, including Europe, North America and Asia should the management consider it desirable to the development of the Group. The Group shall also establish new product research and development centers in both the PRC and overseas, with the aim of developing new digital stylish and innovative products and to enhance its production facility, including the possibility of setting up new manufacturing plants in the PRC.

The management believes the immense potential of the PRC and overseas digital markets will bring to the Group tremendous business opportunities and provide a favorable environment to the medium and long term growth of the Group. The management is confident that the Group's investment strategy is in the right direction and expects to bring better results for the Group in the coming years.

## FINANCIAL REVIEW

The Group generally finances its operations with internally generated resources and banking facilities granted by its principal bankers in Hong Kong. At 31st March, 2003, the Group had a gearing ratio of 44% (calculated on the basis of the Group's bank borrowings over shareholders' fund). The Group also maintained a healthy cash position, cash and bank balances increased to HK\$39,144,000 (2002: HK\$11,472,000), representing an increase of 241% over that of last year.

## 展望

本公司現正為本集團之長遠發展物色新的商機，計劃擴大本集團的收入基礎，並為其股東提供令人滿意之回報。

在考慮到數碼及通訊科技相關業務在本年度內作出之溢利貢獻後，管理層認為繼續發展數碼及通訊科技相關業務乃符合本集團之利益。本集團計劃在不久將來把數碼及通訊產品生產線擴大至包括高檔袋裝個人電腦及手提電話。在管理層認為有利發展本集團業務之情況下，本集團亦會擴充分銷渠道及開拓海外市場（包括歐洲、北美洲及亞洲各地）。本集團亦會在中國及海外成立研究及開發新產品的中心，致力發展款式新穎兼具創意的數碼產品，盡量發揮生產力，包括可能在中國設立新的生產廠房。

管理層相信中國及海外的數碼產品市場蘊藏無限發展潛力，將會為本集團帶來大量業務機會，亦能為本集團之中期及長期發展提供一個有利環境。管理層有信心認為本集團之投資策略方向正確，預期在未來將會為本集團帶來更輝煌的業績。

## 財務回顧

本集團一般以集團內部產生的資源及由香港主要往來銀行的銀行信貸提供經營業務所需資金。於二零零三年三月三十一日，本集團之資產負債比率為44%（按本集團之銀行借貸除以股東資金計算）。本集團手上的現金充盈，現金及銀行結餘增至39,144,000港元（二零零二年：11,472,000港元），較去年同期數目增加241%。

The Group adopts a conservative treasury policy with all sales and purchase transactions and bank borrowings are primarily denominated in either Hong Kong Dollars, United State Dollars, or in the local currencies of the operating subsidiaries, the risk of foreign exchange fluctuations is minimal.

On 17th October, 2002, the Company issued 117,800,000 new shares of the Company at a price of HK\$0.20 per share through a placement and subscription agreement, representing approximately 20% of the issued share capital of the Company of 589,257,804 shares at that date. Details of the transaction were disclosed in the announcement of the Company on 4th October, 2002.

## STAFF COSTS

The total staff cost incurred for the year including directors' emoluments amounted to HK\$92 million (2002: HK\$200 million). The decrease was due to the disposal of the Group's printing and publishing business in July 2002. The number of staff was approximately 211 as at the reporting date. All employees were under the remuneration policy of fixed monthly salary with commission and discretionary bonus.

## POST BALANCE SHEET EVENT

On 22nd April, 2003, the Company issued 141,400,000 new shares of the Company at a price of HK\$0.18 per share, which representing a discount of 10% to the closing price quoted on 9th April, 2003. The proceeds were proposed to be used to set up a research and development centre in the PRC to develop new products and as to approximately HK\$15 million as general working capital of the Group.

## APPRECIATION

On behalf of the board of the Directors, I would like to express my sincere gratitude to our management team and employees for their dedication and efforts. I would also like to express our appreciation to our valued customers, business associates and shareholders for their continued support.

本集團採納一個較為保守的理財政策，所有買賣交易及銀行借款大部份均以港元、美元或附屬公司經營業務所在地的貨幣計值，將外匯波動的風險減至最低。

於二零零二年十月十七日，本集團透過一項配售及認購協議，以每股股份0.20港元之價格發行117,800,000股本公司之新股，在本公司於該日之已發行股本589,257,804股股份之中約佔20%。有關交易詳情已於本公司在二零零二年十月四日刊登之公佈內披露。

## 員工成本

年內之員工總成本（包括董事酬金）為92,000,000港元（二零零二年：200,000,000港元）。成本下降乃因於二零零二年七月出售本集團之出版及印刷業務。於報告日期之員工數目約為211名。全數僱員均以定額月薪連同佣金及酌情花紅之酬金政策受僱。

## 結算日後事項

於二零零三年四月二十二日，本公司按每股股份0.18港元之價格（較股份於二零零三年四月九日之收市價折讓10%），發行141,400,000股本公司之新股。是項配售所得款項建議用作在中國成立一個研究及發展新產品的中心，另約15,000,000港元則用作本集團之一般營運資金。

## 致謝

本人謹代表董事會對本集團之管理層及全體職員之熱誠及辛勤工作，以及各位客戶、股東與同業友好對本集團不斷給予之鼎力支持及信賴，深表謝忱。