

Report of the Directors

The directors submit herewith their annual report together with the audited accounts for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 14 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 5 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales attributable to the major customers during the financial year is as follows:

	Percentage of the Group's total sales
The largest customer	10%
Five largest customers in aggregate	36%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers.

Purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the value of the Group's total purchases for the year.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 March 2003 are set out on pages 39.

The directors do not recommend the payment of dividend for the year ended 31 March 2003.

董事會謹將截至二零零三年三月三十一日止年度的年報及經審核賬項呈覽。

主要業務

本公司的主要業務為投資控股，而其附屬公司的主要業務則詳載於財務報表附註14內。

本公司及其附屬公司於本財政年度按主要業務及經營地區劃分的分析則詳載於財務報表附註5內。

主要客戶及供應商

本財政年度，本集團對主要客戶的銷售如下：

	佔本集團 總銷售額 百分比
最大客戶	10%
五大客戶之總和	36%

在本年度任何期間各董事、彼等各自之聯繫人士或本公司任何股東（乃就董事所知擁有本公司已發行股本超過5%權益之股東）並無於本集團主要客戶擁有任何權益。

本集團向五大供應商的採購額少於本集團本年度之採購總額之30%。

業績及分配

本集團截至二零零三年三月三十一日的業績載於第40頁。

董事會不建議就二零零三年三月三十一日止年度派發股息。

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 23 to the financial statements.

DIRECTORS

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

Executive directors:

Mr. Tsang Chi Hung
Mr. Liu Hoo Kuen
Ms. Kwan Yau Choi
Ms. Fung Sau Mui
Mr. Tai Wing Wah
Mr. Wong Kam Hong
Mr. Richard Warren Herbst

Independent non-executive directors:

Mr. Chu Kwok Man
Mr. Lok Wai Kiang, Paul

In accordance with Bye-Law 87, Mr. Liu Hoo Kuen and Mr. Chu Kwok Man retire from the board by rotation and, being eligible, offer themselves for re-election.

物業、廠房及設備

本集團於本年度的物業、廠房及設備之變動詳載於財務報表附註13內。

股本

本公司之股本詳載於財務報表附註23內。

董事

本財政年度及截至本報告書日的董事如下：

執行董事

曾志雄先生
廖浩權先生
關有彩女士
馮秀梅女士
戴永華先生
黃錦康先生
Richard Warren Herbst先生

獨立非執行董事

朱國民先生
駱偉強先生

按照本公司章程第87條所規定，廖浩權先生及朱國民先生輪值退任，彼等均符合資格膺選連任。

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors, Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen, Ms. Kwan Yau Choi, Ms. Fung Sau Mui, Mr. Tai Wing Wah, Mr. Wong Kam Hong and Mr. Richard Warren Herbst, has entered into a service contract with the Company for an initial term of 3 years commencing from 1 February 2000. No new service contracts were signed upon expiration on 31 January 2003 and each service contract will continue thereafter unless terminated by either party thereto giving to the other at least three months' notice in writing.

Both of the independent non-executive directors, Mr. Chu Kwok Man and Mr. Lok Wai Kiang, Paul have entered into service contracts with the Company for a term of 2 years commencing on 1 February 2002 and 1 September 2001 respectively.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2003, the beneficial interests of the directors and of their associates in the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) Interests in the Company's shares

Name of director	Number of shares of HK\$0.10 each		
	Personal interests	Family interests	Corporate interests
Mr. Tsang Chi Hung	9,920,827	–	112,511,670 (note 1)
Mr. Liu Hoo Kuen	8,707,481	–	–
Ms. Kwan Yau Choi	9,920,827	–	112,511,670 (note 1)
Ms. Fung Sau Mui	750,000	–	–
Mr. Tai Wing Wah	750,000	–	–
Mr. Wong Kam Hong	589,995	–	–
Mr. Richard Warren Herbst	589,995	–	–
Mr. Lok Wai Kiang, Paul	–	500,000 (note 2)	–

董事之服務合約

各執行董事，包括曾志雄先生，廖浩權先生，關有彩女士，馮秀梅女士，戴永華先生，黃錦康先生，Richard Warren Herbst先生，已與本公司簽訂服務合約，由二零零零年二月一日起生效，服務合約期為三年。因沒有新服務合約於二零零三年一月三十一日合約期滿前簽署，原有之合約期滿後，除非其中一方給予另一方最少三個月書面通知終止協議為止，否則各服務合約將繼續生效。

兩位獨立非執行董事包括朱國民先生及駱偉強先生，已與本公司簽訂服務合約，分別由二零零二年二月一日及二零零一年九月一日起生效，合約期為兩年。

所有被建議在應屆股東週年大會中連任之董事，概無與本公司或其任何附屬公司訂立不得在一年內被集團終止而無需作出賠償(法定賠償除外)之服務合約。

董事權益

於二零零三年三月三十一日，根據本公司依照《證券(披露權益)條例》(「披露權益條例」)第29條編存的登記冊所載，各董事所佔本公司股本的實益權益如下：

(a) 本公司股份的權益

董事姓名	每股面值港幣0.10元的普通股		
	個人權益	家族權益	公司權益
曾志雄先生	9,920,827	—	112,511,670 (附註1)
廖浩權先生	8,707,481	—	—
關有彩女士	9,920,827	—	112,511,670 (附註1)
馮秀梅女士	750,000	—	—
戴永華先生	750,000	—	—
黃錦康先生	589,995	—	—
Richard Warren Herbst 先生	589,995	—	—
駱偉強先生	—	500,000 (附註2)	—

Report of the Directors

Notes:

1. Mr. Tsang Chi Hung and his wife Ms. Kwan Yau Choi own 348 shares and 347 shares of US\$1 each respectively of Peasedow Enterprises Limited respectively, representing 35% each of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company.
2. These shares are held in the name of Ms. Lok Zee Pui Pui, Teresa, the wife of Mr. Lok Wai Kiang, Paul and Mr. Lok Wai Kiang, Paul is deemed to be interested in those shares as family interests.

(b) Personal interests in shares of Decca (Mgt) Limited

Non-voting deferred shares of HK\$100 each

Mr. Tsang Chi Hung	48,650
Mr. Liu Hoo Kuen	42,700
Ms. Kwan Yau Choi	48,650

In addition, Mr. Tsang Chi Hung and Mr. Liu Hoo Kuen hold one share each in certain subsidiaries of the Company on trust for the benefit of the Group.

Save for disclosed above, none of the directors held office at 31 March 2003 had any beneficial or non-beneficial personal, family, corporate or other interests in the issued share capital of the Company and its associated corporations (within the meaning of the SDI Ordinance) at that date.

附註：

1. 曾志雄先生及關有彩女士分別持有 Peasedow Enterprises Limited 348股及347股，每股美金1元的股份，即各佔該公司35%的股本，而該公司則持有本公司112,511,670股份。
2. 該等股份以駱偉強先生之妻子駱徐培培女士名義持有，而駱偉強先生則被視為以家族權益擁有該等股份。

(b) 達藝室內工程(管理)有限公司股份的個人權益

	每股面值港幣100元 無投票權遞延股份
曾志雄先生	48,650
廖浩權先生	42,700
關有彩女士	48,650

此外，曾志雄先生及廖浩權先生各自就本集團之利益持有本公司之若干附屬公司中一股股份。

除上文所披露外，於二零零三年三月三十一日為本公司之董事並無於本公司或其任何聯繫公司(根據披露權益條例之定義)之股本中擁有任何利益或無利益的個人、家族、公司或其他權益。

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SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 28 to the financial statements.

Details of the Company's share options granted are as follows:

Name	Exercise price per share option HK\$	Number of share options outstanding at 1 April 2002 and 31 March 2003
Mr. Tsang Chi Hung	0.80	1,000,000
Mr. Liu Hoo Kuen	0.80	1,000,000
Ms. Kwan Yau Choi	0.80	1,000,000
Ms. Fung Sau Mui	0.80	500,000
Mr. Tai Wing Wah	0.80	500,000
Mr. Wong Kam Hong	0.80	500,000
Mr. Richard Warren Herbst	0.80	500,000
Total		<u>5,000,000</u>

There was no movement in the Company's share options during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for disclosed above in "share option scheme", at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to 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 their spouses 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.

SUBSTANTIAL SHAREHOLDERS

Save for disclosed above in "directors' interests in shares", the Company has not been notified of any interest in the share capital of the Company as at 31 March 2003 which is required to be recorded in the register as required to be kept under section 16(1) of the SDI Ordinance.

購股權計劃

集團有關購股權計劃的詳細資料載於財務報表附註28內。

本公司授予之購股權詳情如下：

姓名	每股 購股權 行使價 港元	於二零零二年 四月一日 及二零零三年 三月三十一日 之未行使 購股權數量
曾志雄先生	0.80	1,000,000
廖浩權先生	0.80	1,000,000
關有彩女士	0.80	1,000,000
馮秀梅女士	0.80	500,000
戴永華先生	0.80	500,000
黃錦康先生	0.80	500,000
Richard Warren Herbst先生	0.80	500,000
總額		<u>5,000,000</u>

本公司之購股權於年內沒有變動。

董事購買股份及債券安排

除上述披露之購股權計劃外，本公司、其控股公司或其任何附屬公司均沒有在本年度內訂立任何安排，致使本公司董事、其配偶或其十八歲以下之子女可以透過收購本公司或任何其他法人公司的股份或債券而獲益。

主要股東

除上文「董事權益」所披露者外，於二零零三年三月三十一日本公司沒有接獲有關於本公司之股本中須根據披露權益條例第16(1)條予以記錄之權益的通知。

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CONNECTED TRANSACTIONS

The Group has entered into two tenancy agreements (the "Agreements") with Golden Life Investment Limited ("Golden Life") on 21 February 2000 and 1 December 2002 respectively. The transactions pursuant to the Agreements constituted connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen and Ms. Kwan Yau Choi, directors of the Company, are also directors and shareholders of Golden Life.

Pursuant to the Agreements dated 21 February 2000, the Company leases (1) workshop nos. 1-13, 18-21 on the 2nd floor, together with the rear portion of the flat roof on the 3rd floor and 7 car parking spaces on the ground floor of Decca Industrial Centre, 21 Cheung Lee Street, Chai Wan, Hong Kong with an aggregate gross floor area of about 18,242 square feet (excluding the car park and flat roof areas) as its head office, showroom and warehouse at a monthly rental of HK\$206,245; and (2) Remaining portion of lot nos. 511, 512 and 516 in Demarcation District No. 109, Kam Tin, Yuen Long, New Territories with an aggregate site area of about 28,378 square feet for warehousing at a monthly rental of HK\$20,000 for a period of 3 years from 1 December 1999 to 30 November 2002.

Pursuant to the Agreements dated 1 December 2002, the Company leases (1) workshop nos. 1-8, 18-21 on the 2nd floor, together with the rear portion of the flat roof on the 3rd floor and 7 car parking spaces on the ground floor of Decca Industrial Centre, 21 Cheung Lee Street, Chai Wan, Hong Kong with an aggregate gross floor area of about 12,358 square feet (excluding the car park and flat roof areas) as its head office, showroom and warehouse at a monthly rental of HK\$131,224; and (2) remaining portion of lot nos. 511 and 512 in Demarcation District No. 109, Kam Tin, Yuen Long, New Territories with an aggregate site area of about 24,237 square feet for warehousing at a monthly rental of HK\$20,000 for a period of 3 years from 1 December 2002 to 30 November 2005.

During the year, the Group paid rental of approximately HK\$2,415,000 to Golden Life pursuant to the Agreements.

The independent non-executive directors have reviewed the transactions pursuant to the Agreements and confirm that these transactions have been entered into:

- (i) by the Group in the usual and ordinary course of business;
- (ii) on normal commercial terms or on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned; and
- (iii) in accordance with the terms of the Agreements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for disclosed above in "connected transactions", no contracts of significance to which the Company, its holding company or 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.

關連交易

本集團與精威投資有限公司(「精威」)分別於二零零零年二月二十一日及二零零二年十二月一日訂立兩項租賃協議(「租賃協議」)，曾志雄先生、廖浩權先生及關有彩女士各為精威之董事及股東。根據香港聯合交易所有限公司證券上市規則(「上市規則」)規定，按租賃協議進行的交易，將構成關連交易。

根據二零零零年二月二十一日之租賃協議，本公司租用(1)位於香港柴灣祥利街21號達藝工業中心2樓1-13及18-21號工場，連同3樓平台後半部份及地下7個車位，總樓面面積約18,242平方呎(不包括停車場及天台範圍)作為其總辦事處、陳列室及貨倉，月租為港幣206,245元；及(2)位於新界錦田丈量約份第109號511、512及516號地段之餘下部份，總佔地面積約為28,378平方呎作為貨倉，月租為港幣20,000元。為期三年，由一九九九年十二月一日至二零零二年十一月三十日為止。

根據二零零二年十二月一日之租賃協議，本公司租用(1)位於香港柴灣祥利街21號達藝工業中心2樓1-8及18-21號工場，連同3樓平台後半部份及地下7個單位，總樓面面積約12,358平方呎(不包括停車場及天台範圍)作為其總辦事處、陳列室及貨倉，月租為港幣131,224元；及(2)位於新界錦田丈量約份第109號511及512號地段之餘下部份，總佔地面積約為24,237平方呎作為貨倉，月租為港幣20,000元。為期三年，由二零零二年十二月一日至二零零五年十一月三十日為止。

根據租賃協議，本集團於本年度內支付給精威之租金金額約為港幣2,415,000元。

獨立非執行董事已對該項根據租賃協議而進行之交易作出審查及確認如下：

- (i) 該等交易乃根據本集團之一般日常業務所進行；
- (ii) 該等交易乃根據一般商務條款或對本公司之獨立股東而言屬公平合理之條款而進行；及
- (iii) 該等交易乃根據租賃協議之條款而進行。

董事之合約權益

除上述「關連交易」所披露外，董事並無於本公司、其控股公司或其任何附屬公司於本年度內訂立而對本公司業務屬重大之任何合約中直接或間接擁有實際權益。

Report of the Directors

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, although there is no restriction against such rights under Bermuda Law.

RETIREMENT SCHEME

Details of the Group's retirement scheme are set out in note 29 to the financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules.

AUDITORS

Except for the year ended 31 March 2001, in which Messrs. KPMG, Certified Public Accountants acted as auditors of the Company, Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for past three years. A resolution will be submitted to the annual general meeting to re-appoint them as auditors of the Company.

On behalf of the Board

TSANG CHI HUNG

Chairman

Hong Kong, 14 July 2003

購買、出售或贖回公司股份

本公司及其附屬公司於本年度均無購入、出售或贖回任何本公司的股份。

優先購買權

雖然百慕達法例並不禁止優先購買權之權利，本公司之公司細則並無載有此等權利之條文。

退休金計劃

本集團退休金計劃的資料詳載財務報表附註29內。

遵守最佳應用守則

於本年度內，本公司一直遵守香港聯合交易所有限公司上市規則附錄十四所載之最佳應用守則。

核數師

除於二零零一年三月三十一日止之年度委任畢馬威會計師事務所為本公司之核數師外，過去三年德勤•關黃陳方會計師行獲委任為本公司核數師。關於續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

主席

曾志雄

二零零三年七月十四日