

# Notes to the Financial Statements

## 1. GENERAL

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in note 14.

## 2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in changes in the format of presentations of the cash flow statement and the inclusion of the statement of changes in equity, but has had no material effect on the results for the current or prior accounting years. Accordingly, no prior year adjustment has been required.

### Foreign currencies

The revisions to SSAP 11 “Foreign Currency Translation” have eliminated the choice of translating the income statements of overseas subsidiaries at the closing rate for the year, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting years.

### Cash flow statements

In the current year, the Group has adopted SSAP 15 (Revised) “Cash Flow Statements”. Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest received, interest paid and dividend paid, which were previously presented under a separate heading, are classified as investing and financing cash flows respectively. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. Cash flows of overseas subsidiaries have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date.

## 1. 緒言

本公司乃百慕達成立的有限責任公司，其股份在香港聯合交易所有限公司上市。

本公司是一家投資控股公司。其附屬公司的主要業務載於附註14內。

## 2. 採納一般會計實務準則

本年度，本集團首次採納香港會計師公會頒佈之多項新設及經修訂會計實務準則（「會計實務準則」）。由於採納此等會計實務準則，因此對現金流量表之編排作出更改及加入權益變動表，但此等更改並無對現在及前期之業績有重大影響，故此，並不需要作前期調整。

### 外幣

會計實務準則第11條「外幣換算」經修訂後，已取消本集團以前所採用之政策，即按年內結算日的匯率換算海外附屬公司收益表的選擇。該等報表現時須以平均匯率換算。此項會計政策的變動，並無對本年或往年的業績造成重大影響。

### 現金流量表

年內本集團採納會計實務準則第15條「現金流量表」（經修訂）。根據此條，現金流量乃分為三類 — 經營、投資及融資，而並非以往的五類。過往以不同類別分開呈列的已收利息、已付利息和已派股息，則分類為投資及融資的現金流量。收入所產生的稅項的現金流量乃分類列為經營活動，除非可分開確認為投資或融資活動。海外附屬公司的現金流量以現金流量當日折算而並非以結算日當日之匯率折算。

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

### **Investments in subsidiaries**

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

### **Revenue recognition**

#### *Construction contracts*

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of construction contract can be estimated reliably, revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

### 3. 主要會計政策

本財務報表是以歷史成本作為編製基準，並已按照香港公認會計原則編製。主要採用之會計政策如下：

#### 編製綜合賬目之基準

綜合財務報表包括本公司及其所有附屬公司截至每年三月三十一日的財務報表。

是年收購或出售之附屬公司的業績，由收購日期起或至出售日期止已包括在綜合收益表內。

#### 附屬公司之投資

附屬公司之投資以成本減去可確定之減值虧損已包括於公司之資產負債表內。

#### 收入確認

##### 建造合約

若能可靠地預測建造合約成果時，固定價格之建造合約其收益以該年度已完成工程之價值按完成階段確認入賬內，至於與客戶達成協議之工程後加項、索償及獎勵款項亦可包括在內。

若能可靠地預測建造合約成果時，按成本後增加價格之工程，其確認之收益乃參照該年度可收回之支出另加可賺取之費用。並根據當時已發生成本佔合約之預測總成本之比例計算。

若不能可靠地預測建造合約成果時，確認收益只限於可收回之已發生之成本。

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### *Other*

Sales of other goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and accumulated impairment losses, if any.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Land and buildings	Over the unexpired terms of the land use rights period
Leasehold improvements	10%
Furniture, fixtures and office equipment	10%
Plant and machinery	10%
Computer equipment	20%
Motor vehicles	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group or, where shorter, the term of the relevant leases.

## 3. 主要會計政策(續)

### 收入確認(續)

#### 其他

銷售其他貨品於貨品送出及其擁有權轉移後確認。

服務收益於服務提供後確認。

銀行存款之利息收益以時間基礎計入，並參照當時之本金及息率。

投資之股息收益於股東確定有權收取股息後確認。

### 物業、廠房及設備

物業、廠房及設備是按成本減去折舊，攤銷及累計減值虧損(如有)入賬。

物業、廠房及設備就其估計可使用年期及其估計之剩餘價值計算折舊及攤銷，以直線法攤分其成本，所採用之年率如下：

土地及樓宇	按未屆滿之土地使用權年期
租賃物業裝修	10%
傢俬及裝置	10%
廠房及機器	10%
電腦設備	20%
汽車	20%

出售或棄用資產之盈虧乃指出售所得款項與有關資產賬面值之差額，於確認後計入收益表。

租購合約之資產，其折舊與本集團自置之資產以其估計可使用年期之基礎相同，或以有關租約之較短年期為準。

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

### Investments

Investments are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

### Assets held under finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

## 3. 主要會計政策(續)

### 減值

於各結算日，本集團會審閱其資產的賬面值，以釐定該等資產是否出現減值虧損。倘資產的可收回數額估計少於其賬面值，則資產的賬面值將降至可收回數額。減值虧損會即時確認為開支。

倘減值虧損其後逆轉，則有關資產的賬面值將回升至重新估計的可收回數額，而所增加的賬面值不超過假設該資產於過往年度並無確認減值虧損而釐定的賬面值，減值虧損的逆轉將即時列作收入。

### 投資

投資以交易日之基準確認，並先以成本計算。

非到期債務證券之投資可分為投資證券及其他投資。

投資證券是以可辨認長期策略性地持有之證券，以其後所報日之成本計算，及減去非短暫性的減值。

其他投資以公平價值計算，未變現之盈虧則包括在該年度之純利或淨虧損中。

### 租購合約之資產

凡於租期內資產所有權與絕大部份風險及回報轉移往本集團之租約，均列作租購合約。根據租購合約持有之資產按收購當日之公平值撥充資本。向出租人履行之有關責任(已扣除有關利息支出)於資產負債表內列作租購合約承擔。融資費用即租金承擔總額與所收購資產公平值之差額，將按有關租約年期自收益表扣除，以定期定額支出於每個會計年度之承擔餘額中扣除。

所有其他租約均列作經營租約，而年度租金以直線法按有關租期自收益表扣除。



# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

### Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

## 3. 主要會計政策(續)

### 外幣

於有關期間進行之外幣交易，會先按交易日期之滙率換算為港元入賬。以外幣為單位之貨幣性資產及負債則按結算日之滙率換算為港元。滙兌盈虧均撥入該年度之純利或淨虧損中。

於綜合賬目時，本集團海外附屬公司之資產及負債乃按結算日之滙率換算為港元。本年度的收支項目按平均滙率換算，如有滙兌差額會分類為權益並轉入本集團之外滙兌換儲備中。因經營而引致的外滙兌換差額會於該年度內確認為收入或支出。

### 稅項

稅項是按該年度的業績，就毋須課稅或不獲扣除稅的項目作出調整後在賬內支銷。倘因課稅而確認若干收入及支出項目的會計期間與該等項目在財務報表中確認的期間有所不同，因此出現時差。其造成的稅項影響(以負債法計算)有可能在可見將來確定為稅項負債或資產，則該影響會在財務報表內確認為遞延稅項。

### 存貨

存貨乃以成本或可變現淨值兩者中之較低者入賬，成本包括直接物料、直接工資及將存貨送至現時地點及狀況所需之經營費(如適用)。成本以加權平均法計算。可變現淨值即賣價估值減去完成之估計成本及推銷、發售及分銷所需之成本。

# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the value of work carried out during the year.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade and other receivables.

### Retirement benefits scheme

Payments to Mandatory Provident Fund Scheme are charged as an expense as they fall due.

## 4. TURNOVER

Turnover represents the sales value of goods supplied to customers and service revenue from interior building works, and is analysed as follows:

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
Sales of furniture and fixtures	107,815	176,281
Service revenue from interior building works	97,940	219,949
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	205,755	396,230
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### 3. 主要會計政策(續)

#### 建造合約

若能可靠地預測建造合約成果時，合約成本乃按於結算日合約活動之完成階段計入於收益表內，並以該年度已完成工程之價值計算。

若不能可靠地預測建造合約成果時，合約成本於其發生之期間獲確認為開支。

在總合約成本有可能超越總合約收入時，預期之虧損須即時確認為開支。

若建造合約之當時所有已發生成本加上已確認溢利扣除已確認虧損超越按進度付款項，則餘額以應收客戶之建造合約款項呈列。若按進度付款項超逾建造合約成本加上已確認溢利扣除已確認虧損，則餘額以應付客戶之建造合約款項呈列。若在有關之工程開始前收到之任何金額，必須在資產負債表內負債項目中之預付款項入賬。若已開發票收取客戶已完成工程款，但客戶仍未付，則有關款項在資產負債表以應收賬項及其他應收賬項入賬。

#### 退休金計劃

到期之強制性公積金供款會以支出入賬。

### 4. 營業額

營業額指貨品供應給客戶之銷售價值，以及提供室內裝飾工程之服務收入分析如下：

	本集團	
	二零零三年 千港元	二零零二年 千港元
傢俬及裝置銷售	107,815	176,281
提供室內裝飾工程服務所得之收入	97,940	219,949
	205,755	396,230

# Notes to the Financial Statements

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is mainly engaged in the sales of furniture and fixtures and interior building works. This is the basis on which the Group reports its primary segment information.

### Business segments

	2003		2002	
	Consolidated turnover HK\$'000	Contribution to operating profit (loss) HK\$'000	Consolidated turnover HK\$'000	Contribution to operating profit (loss) HK\$'000
Sales of furniture and fixtures	107,815	(5,623)	176,281	12,789
Interior building works	97,940	(62,063)	219,949	(6,956)
Total	205,755	(67,686)	396,230	5,833
Other operating income		2,103		3,280
Unallocated corporate expenses		(973)		(874)
(Loss) profit from operations		(66,556)		8,239
Finance costs		(2,819)		(2,725)
(Loss) profit before taxation		(69,375)		5,514
Taxation credit		238		451
(Loss) profit after taxation		(69,137)		5,965

## 5. 業務及地域劃分資料

本集團主要從事傢俬及裝置銷售及室內裝飾工程，本集團亦以此為基本劃分資料報告。

### 業務劃分

	二零零三年		二零零二年	
	綜合營業額 千港元	經營業務 溢利(虧損) 千港元	綜合營業額 千港元	經營業務 溢利(虧損) 千港元
傢俬及裝置銷售	107,815	(5,623)	176,281	12,789
室內裝飾工程	97,940	(62,063)	219,949	(6,956)
合計	205,755	(67,686)	396,230	5,833
其他經營收益		2,103		3,280
未分配之公司開支		(973)		(874)
經營(虧損)溢利		(66,556)		8,239
財務成本		(2,819)		(2,725)
除稅前(虧損)溢利		(69,375)		5,514
稅項		238		451
除稅後(虧損)溢利		(69,137)		5,965

# Notes to the Financial Statements

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Balance sheet

	2003			2002		
	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000	Con- solidated HK\$'000	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000	Con- solidated HK\$'000
ASSETS						
Segment assets	133,930	155,771	289,701	124,704	229,440	354,144
Unallocated corporate assets			1,893			1,328
Consolidated total assets			291,594			355,472
LIABILITIES						
Segment liabilities	24,309	29,667	53,976	31,014	37,741	68,755
Unallocated corporate liabilities			56,694			36,656
Consolidated total liabilities			110,670			105,411

### Other information

	2003		2002	
	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000
Capital additions	1,919	1,220	7,910	6,491
Depreciation and amortisation	11,083	8,410	8,895	10,022

## 5. 業務及地域劃分資料(續)

### 資產負債表

	二零零三年			二零零二年		
	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元	綜合 千港元	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元	綜合 千港元
資產						
分類資產	133,930	155,771	289,701	124,704	229,440	354,144
未分類公司資產			1,893			1,328
綜合總資產			291,594			355,472
負債						
分類負債	24,309	29,667	53,976	31,014	37,741	68,755
未分類公司負債			56,694			36,656
綜合總負債			110,670			105,411

### 其他資料

	二零零三年		二零零二年	
	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元
資產開支	1,919	1,220	7,910	6,491
折舊及攤銷	11,083	8,410	8,895	10,022



# Notes to the Financial Statements

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2003	2002
	HK\$'000	HK\$'000
Mainland China	31,850	190,844
Hong Kong SAR	96,755	150,331
Other countries in Asia	14,882	23,779
Europe and America	59,068	29,826
Others	3,200	1,450
	<u>205,755</u>	<u>396,230</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	201,076	255,529	2,927	12,983
Hong Kong SAR	84,963	90,954	51	1,194
Other countries in Asia	2,421	7,661	161	224
Unallocated	3,134	1,328	–	–
	<u>291,594</u>	<u>355,472</u>	<u>3,139</u>	<u>14,401</u>

## 5. 業務及地域劃分資料(續)

### 地域劃分

下表所載列之分析是根據銷售地域而作出的，並沒有考慮產品／服務的原產地域：

	按地域市場劃分的營業額	
	二零零三年 千港元	二零零二年 千港元
中國內地	31,850	190,844
香港特別行政區	96,755	150,331
亞洲其他國家	14,882	23,779
歐洲及美洲	59,068	29,826
其他	3,200	1,450
	<b>205,755</b>	<b>396,230</b>

下表是按其所在地域劃分的分類資產，物業、廠房、設備之賬面值：

	賬面值 分類資產		物業、廠房 及設備 的資產開支	
	二零零三年 千港元	二零零二年 千港元	二零零三年 千港元	二零零二年 千港元
中國內地	201,076	255,529	2,927	12,983
香港特別行政區	84,963	90,954	51	1,194
亞洲其他國家	2,421	7,661	161	224
未分類	3,134	1,328	—	—
	<b>291,594</b>	<b>355,472</b>	<b>3,139</b>	<b>14,401</b>

# Notes to the Financial Statements

## 6. OTHER OPERATING INCOME

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Interest income	113	818
Exchange gain	586	1,176
Sundry income	1,404	1,286
	<u>2,103</u>	<u>3,280</u>

## 7. (LOSS) PROFIT FROM OPERATIONS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
(Loss) profit from operations has been arrived at after charging (crediting):		
Auditors' remuneration	660	669
Depreciation and amortisation		
Owned assets	16,606	16,029
Assets held under finance leases	2,887	2,888
Staff costs:		
Directors' remuneration (note 9)	9,610	10,913
Salaries and allowances	51,869	61,973
Other retirement benefit scheme contributions	1,608	1,542
	63,087	74,428
Loss (gain) on disposals of property, plant and equipment	369	(23)
Operating lease rentals paid in respect of rented properties	6,312	5,525
Licence and royalty fees	436	776
	<u>77,297</u>	<u>154,334</u>

Included in the consolidated income statement for the year is an allowance for amounts due from customers for contract work of approximately HK\$31,479,000 (2002: nil). The amount represents the allowance made for interior building work contracts performed in previous years. Upon finalisation of the contracts in current year, an amount of approximately HK\$31,479,000 was considered unrecoverable with reference to the final statements of account and thus allowance of the same amount was made during the year.

## 6. 其他經營收益

	本集團	
	二零零三年 千港元	二零零二年 千港元
利息收入	113	818
滙兌收益	586	1,176
其他收入	1,404	1,286
	<u>2,103</u>	<u>3,280</u>

## 7. 經營(虧損)溢利

	本集團	
	二零零三年 千港元	二零零二年 千港元
經營(虧損)溢利已扣除(計入)下列項目：		
核數師酬金：	660	669
折舊及攤銷		
自置資產	16,606	16,029
租購合約之資產	2,887	2,888
員工成本：		
董事酬金(附註9)	9,610	10,913
薪金及津貼	51,869	61,973
退休金供款	1,608	1,542
	63,087	74,428
出售物業、廠房及設備之虧損(收益)	369	(23)
承租物業之經營租約費用	6,312	5,525
特許牌照及專利費用	436	776
	<u>70,802</u>	<u>136,666</u>

在綜合收益表中已包括應收客戶之建造合約款項準備約為31,479,000港元(二零零二年：無)。此款項主要是為一些於年前所做之室內裝飾工程合約作準備。直至該等合約於本年度最終結算為止，現參者有關之合同決算書為未可收回之款項約31,479,000港元作準備，此相同數目之準備已於是年度作出。

# Notes to the Financial Statements

## 8. FINANCE COSTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,063	1,253
Finance leases	756	1,472
	<u>2,819</u>	<u>2,725</u>

## 9. DIRECTORS' EMOLUMENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Fee to independent non-executive directors	<u>100</u>	<u>113</u>
Other emoluments to executive directors:		
– Salaries and other benefits	9,160	10,450
– Contributions to retirement benefits schemes	350	350
	<u>9,510</u>	<u>10,800</u>
Total emoluments	<u>9,610</u>	<u>10,913</u>

The emoluments of the directors were within the following bands:

	Number of directors	
	2003	2002
Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	4	4
HK\$1,500,001 to HK\$2,000,000	3	3
	<u>9</u>	<u>10</u>

The five highest paid individuals of the Group in 2003 and 2002 were all directors of the Company and details of their emoluments are included above.

## 8. 財務成本

	本集團	
	二零零三年 千港元	二零零二年 千港元
利息：		
於五年內到期償還之銀行貸款	2,063	1,253
租購合約	756	1,472
	<u>2,819</u>	<u>2,725</u>

## 9. 董事酬金

	本集團	
	二零零三年 千港元	二零零二年 千港元
獨立非執行董事之袍金	<u>100</u>	<u>113</u>
執行董事之酬金		
薪金及其他福利	9,160	10,450
退休金供款	350	350
	<u>9,510</u>	<u>10,800</u>
酬金總額	<u>9,610</u>	<u>10,913</u>

酬金在以下範圍內的董事數目如下：

	董事數目	
	二零零三年	二零零二年
無 — 1,000,000港元	2	3
1,000,001港元 — 1,500,000港元	4	4
1,500,001港元 — 2,000,000港元	3	3
	<u>9</u>	<u>10</u>

本集團於二零零二及二零零三年度，五位最高酬金人士均為本公司董事，其酬金已包括如上。

# Notes to the Financial Statements

## 10. TAXATION CREDIT

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Hong Kong Profits Tax		
– current year	<b>(23)</b>	(841)
– (under) overprovision in prior years	<b>(11)</b>	1,287
	<b>(34)</b>	446
Taxation credit outside Hong Kong	–	5
	<b>(34)</b>	451
Deferred taxation (note 25)	<b>272</b>	–
	<b>238</b>	451

The provision for Hong Kong Profits Tax is calculated at 16% (2002: 16%) of the estimated assessable profits for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

Details of deferred taxation are set out in note 25.

## 11. DIVIDEND

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Interim dividend paid – Nil (2002: HK1.5 cents) per share	–	3,000

No dividend was paid or proposed during the year ended 31 March 2003, nor has any dividend been proposed since the balance sheet date.

## 10. 稅項

	本集團	
	二零零三年 千港元	二零零二年 千港元
香港利得稅		
本年度	(23)	(841)
已往年度(低額)超額準備	(11)	1,287
	<u>(34)</u>	<u>446</u>
香港境外稅項	—	5
	<u>(34)</u>	<u>451</u>
遞延稅項(附註25)	272	—
	<u>238</u>	<u>451</u>

香港利得稅準備乃根據稅率16%(二零零二年：16%)就本年度之估計課稅溢利計算。

其他管轄地區的稅項，則根據有關地區之適用稅率計算。

遞延稅項之詳細資料載於附註25。

## 11 股息

	二零零三年 千港元	二零零二年 千港元
沒有派發中期股息(二零零二年：每股港幣1.5仙)	—	3,000
	<u>—</u>	<u>3,000</u>

於二零零三年三月三十一日止年度內不派發或建議股息，亦沒有於結算日後建議派發股息。



# Notes to the Financial Statements

## 12. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
(Loss) earnings for the year	<b>(69,137)</b>	5,965
	<b>'000</b>	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>200,000</b>	200,000
Effect of dilutive share options	–	528
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<b>200,000</b>	200,528

The computation of diluted loss per share for the year does not assume the exercise of the Company's outstanding share options since their exercise would result in a reduction in loss per share.

## 12. 每股(虧損)盈利

每股基本及攤薄(虧損)盈利乃根據以下數據計算：

	本集團	
	二零零三年 千港元	二零零二年 千港元
本年度(虧損)盈利	<u>(69,137)</u>	<u>5,965</u>
	千股	千股
<b>股份數量</b>		
用以計算每股基本(虧損)盈利之加權平均股份數量	200,000	200,000
股份認購權之攤薄效果	<u>—</u>	<u>528</u>
用以計算每股攤薄(虧損)盈利之加權平均股份數量	<u>200,000</u>	<u>200,528</u>

本年度每股攤薄虧損之計算沒有假設本公司之購股權會被行使，因此等行使會引至每股之虧損減少。

# Notes to the Financial Statements

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improve- ments	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP							
COST:							
At 1 April 2002	33,422	50,446	110,779	6,254	13,072	4,869	218,842
Additions	–	386	2,386	89	278	–	3,139
Disposals	–	–	(2,071)	(260)	(4)	–	(2,335)
At 31 March 2003	33,422	50,832	111,094	6,083	13,346	4,869	219,646
DEPRECIATION AND AMORTISATION:							
At 1 April 2002	8,605	25,449	44,891	4,390	5,632	3,934	92,901
Charge for the year	1,573	4,446	11,185	759	1,345	185	19,493
Eliminated on disposals	–	–	(1,709)	(253)	(1)	–	(1,963)
At 31 March 2003	10,178	29,895	54,367	4,896	6,976	4,119	110,431
NET BOOK VALUES:							
At 31 March 2003	23,244	20,937	56,727	1,187	6,370	750	109,215
At 31 March 2002	24,817	24,997	65,888	1,864	7,440	935	125,941

All land and buildings of the Group are located in the People's Republic of China under medium-term leases. The Group is granted the right to use the land, including construction of buildings thereon, until 2018.

The net book value of property, plant and equipment of the Group includes an amount of approximately HK\$20,456,000 (2002: HK\$23,343,000) in respect of assets and held under finance leases.

At 31 March 2003, land and buildings of the Group with net book value of approximately HK\$7,692,000 (2002: HK\$8,177,000) were pledged with a bank to secure a loan granted to the Group.

## 13. 物業、廠房及設備

	土地及樓宇 千港元	租賃物業 裝修 千港元	廠房及 機器 千港元	電腦設備 千港元	傢俬及 裝置 千港元	汽車 千港元	總額 千港元
本集團							
成本：							
於二零零二年四月一日	33,422	50,446	110,779	6,254	13,072	4,869	218,842
添置	—	386	2,386	89	278	—	3,139
出售	—	—	(2,071)	(260)	(4)	—	(2,335)
	<u>33,422</u>	<u>50,832</u>	<u>111,094</u>	<u>6,083</u>	<u>13,346</u>	<u>4,869</u>	<u>219,646</u>
於二零零三年 三月三十一日	33,422	50,832	111,094	6,083	13,346	4,869	219,646
折舊及攤銷：							
於二零零二年四月一日	8,605	25,449	44,891	4,390	5,632	3,934	92,901
本年度提備	1,573	4,446	11,185	759	1,345	185	19,493
出售撥回	—	—	(1,709)	(253)	(1)	—	(1,963)
	<u>10,178</u>	<u>29,895</u>	<u>54,367</u>	<u>4,896</u>	<u>6,976</u>	<u>4,119</u>	<u>110,431</u>
於二零零三年 三月三十一日	10,178	29,895	54,367	4,896	6,976	4,119	110,431
賬面淨值：							
於二零零三年 三月三十一日	23,244	20,937	56,727	1,187	6,370	750	109,215
於二零零二年 三月三十一日	24,817	24,997	65,888	1,864	7,440	935	125,941

本集團所擁有之土地及樓宇皆在中國，並根據中期租約持有。本集團獲授可使用土地（包括於其上興建樓宇）之權利，直止二零一八年。

本集團按租購合約之物業、廠房及設備之總賬面淨值約為20,456,000港元（二零零二年：23,343,000港元）。

於二零零三年三月三十一日，賬面淨值約為7,692,000港元（二零零二年：8,177,000港元）之土地及樓宇，已抵押給一間銀行，作為給予本集團貸款之抵押。

# Notes to the Financial Statements

## 14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	170,160	170,160
Impairment loss (Note)	(55,000)	–
	<b>115,160</b>	<b>170,160</b>

Note: During the year, the directors reviewed the carrying value of the investment cost in subsidiaries with reference to the business operated by these subsidiaries. In view of the current economic condition, impairment loss of HK\$55,000,000 has been identified and recognised in the Company's income statement.

Details of the Company's subsidiaries at 31 March 2003 are as follows:

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activity
			Directly	Indirectly	
Decca Investment Limited	British Virgin Islands	10,000 shares of US\$1 each	100%	–	Investment holding
Decca (Mgt) Limited ("DML")	Hong Kong	10 ordinary shares of HK\$100 each 145,600 non-voting deferred shares of HK\$100 each (Note 1)	–	100%	Management services
Decca Limited	Hong Kong	2 ordinary shares of HK\$1 each	–	100%	Interior decoration works
Decca (HK) Limited	Hong Kong	2 ordinary shares of HK\$1 each	–	100%	Trading of furniture
Decca (China) Limited	Hong Kong	100,000 shares of HK\$1 each	–	100%	Provision of subcontracting services to group companies
Decca Furniture Limited	Hong Kong	100,000 shares of HK\$1 each	–	100%	Trading of furniture

## 14. 附屬公司之投資

	本公司	
	二零零三年 千港元	二零零二年 千港元
非上市股份(成本)	170,160	170,160
減值虧損(備註)	(55,000)	—
	<b>115,160</b>	<b>170,160</b>

備註：於本年度內，董事會對附屬公司之業務經營與所投資成本之賬面值作參考，經考查後，於現時經濟情況下在本公司之收益表中確認其減值虧損為55,000,000港元。

以下為本公司於二零零三年三月三十一日之主要附屬公司之詳情：

公司名稱	註冊／成立 及營運地點	已發行／ 註冊資本	應佔股權百分比		主要業務
			直接	間接	
Decca Investment Limited	英屬處女群島	10,000股 每股面值1美元	100%	—	投資控股
達藝室內工程(管理) 有限公司 (「香港達藝」)	香港	10股普通股 每股面值100港元 145,600每股面值 100港元之無投票權 遞延股份(附註1)	—	100%	管理服務
達藝室內工程 有限公司	香港	2股普通股 每股面值1港元	—	100%	提供室內裝修 工程
達藝(香港)有限公司	香港	2股普通股 每股面值1港元	—	100%	傢俬買賣
達藝室內設計工程 (中國)有限公司	香港	100,000股 每股面值1港元	—	100%	向集團公司 提供加工服務
達藝傢具有限公司	香港	100,000股 每股面值1港元	—	100%	傢俬買賣

# Notes to the Financial Statements

## 14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activity
			Directly	Indirectly	
HBF (HK) Limited	Hong Kong	10,000 shares of HK\$1 each	–	100%	Trading of furniture
Decca Overseas (S) Pte Ltd (Note 2)	Singapore	2 shares of SG\$1 each	–	100%	Trading of furniture
HBF Showroom Pte Ltd	Singapore	750,000 shares of SG\$1	–	100%	Trading of furniture
Decca Furniture (USA) Inc. ("DF (USA)")	United States of America ("USA")	10,000 shares of US\$0.01 each	–	100%	Investment holding
東莞達藝傢俬有限公司 (Note 2)	The People's Republic of China (the "PRC")	\$50,000,000	–	100%	Manufacture of furniture and decoration materials
東莞益新傢俬裝飾有限公司 (Note 3)	PRC	\$3,600,000	–	100%	Manufacture of furniture and provision of after-sale services

*Notes:*

- (1) The shareholders of the non-voting deferred shares are only entitled to dividends when the total dividends declared by DML for any financial year exceeding \$1 trillion and, in the case of winding up of DML, are only entitled to receive a return of assets when the total value of assets of DML for distribution exceeding \$5 billion.
- (2) A wholly foreign owned enterprise established under the law of PRC.
- (3) A co-operative joint venture established under the laws of the PRC.

## 14. 附屬公司之投資(續)

公司名稱	註冊／成立 及營運地點	已發行／ 註冊資本	應佔股權百分比		主要業務
			直接	間接	
HBF (HK) Limited	香港	10,000股 每股面值1港元	—	100%	傢俬買賣
Decca Overseas (S) Pte Ltd (附註2)	新加坡	2股 每股面值1新加坡元	—	100%	傢俬買賣
HBF Showroom Pte Ltd	新加坡	750,000股 每股面值1新加坡元	—	100%	傢俬買賣
Decca Furniture (USA) Inc. (「DF (USA)」)	美國	10,000股 每股面值0.01美元	—	100%	投資控股
東莞達藝傢俬有限公司 (附註2)	中華人民共和國	50,000,000港元	—	100%	傢俬及 裝修材料製造
東莞益新傢俬裝飾有限公司 (附註3)	中華人民共和國	3,600,000港元	—	100%	傢俬製造及提供 銷售後服務

附註：

1. 香港達藝無投票權延遞股份之持有人只於香港達藝在某一財政年度宣佈分派之股息超過10,000億港元時方可獲派股息。如香港達藝清盤，則此等股份之持有人只有在香港達藝之可分派資產值超過50億港元方可獲得發還資產。
2. 在中華人民共和國法律下成立之外資企業。
3. 在中華人民共和國法律下成立之中外合作經營企業。



# Notes to the Financial Statements

## 15. INVESTMENT SECURITIES

### THE GROUP

The amount represents 30% equity interests in Decca Hospitality Furnishings, LLC (“DHF”), a company organised pursuant to the North Carolina Limited Liability Company Act, held by DF (USA).

Pursuant to an operating agreement signed between DF (USA) and the other two members of DHF on 19 October 2002, the two other members of DHF will make the final decisions on behalf of DHF and they must jointly agree as to any decisions concerning DHF’s sales, distribution and financial policies. The directors of the Company consider that DF (USA) does not have any significant influence over any DHF’s affairs, and accordingly, the investments in DHF is classified as investment securities.

## 16. INVENTORIES

	THE GROUP	
	2003	2002
	HK\$’000	HK\$’000
Raw materials	29,156	26,011
Work in progress	12,353	8,820
Finished goods	3,862	4,159
	<u>45,371</u>	<u>38,990</u>

Included in inventories are raw materials of approximately HK\$994,000 (2002: HK\$1,828,000) and finished goods of approximately HK\$583,000 (2002: HK\$823,000) which are carried at net realisable value.

## 15. 投資證券

### 本集團

此乃代表在Decca Hospitality Furnishings, LLC (「DHF」)之30%權益，此公司是根據North Carolina Limited Liability Company Act成立由DF (USA)所擁有。

根據DF (USA)及DHF另外兩位股東於二零零二年十月十九日所簽之經營協議，該兩位DHF之股東可代表DHF作出最後決定，他們須聯合同意有關DHF之營業、分銷及財務政策之決定。本公司的董事會考慮到DF(USA)對DHF之業務並無重大的影響，故將在DHF之投資分類為投資證券。

## 16. 存貨

	本集團	
	二零零三年 千港元	二零零二年 千港元
原料	29,156	26,011
在製品	12,353	8,820
製成品	3,862	4,159
	<u>45,371</u>	<u>38,990</u>

存貨包括約值994,000港元(二零零二年：1,828,000港元)之原料及約值583,000港元(二零零二年：823,000港元)之製成品，是以可變現淨值入賬。

# Notes to the Financial Statements

## 17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Contracts in progress at the balance sheet date		
Contract costs incurred plus recognised profits less recognised losses	<b>300,482</b>	246,865
Less: Progress billings	<b>(237,133)</b>	(158,908)
	<b><u>63,349</u></b>	<u>87,957</u>
Analysed for reporting purpose as:		
Due from customers included in current assets	<b>64,667</b>	90,110
Due to customers included in current liabilities	<b>(1,318)</b>	(2,153)
	<b><u>63,349</u></b>	<u>87,957</u>

At 31 March 2003, there were approximately HK\$14,082,000 (2002: HK\$15,561,000) retention monies held by customers for contract work performed and there were no advances received from customers for contract work performed for both years.

## 18. AMOUNT DUE FROM AN INVESTEE COMPANY

The amount is arose from trade and an aged analysis of the balance at the reporting date is as follows:

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
0-90 days	<b>6,391</b>	–
> 90 days	<b>2,059</b>	–
	<b><u>8,450</u></b>	<u>–</u>

The credit term granted to the investee company is 30 days.

## 17. 應收(應付)客戶之建造合約款項

	本集團	
	二零零三年 千港元	二零零二年 千港元
於結算日之在建中合約工程		
合約成本加已確認溢利及減已確認虧損	300,482	246,865
減：按進度付款項	(237,133)	(158,908)
	<u>63,349</u>	<u>87,957</u>
作報告之用的分析如下：		
應收客戶款項已包括在流動資產內	64,667	90,110
應付客戶款項已包括在流動負債內	(1,318)	(2,153)
	<u>63,349</u>	<u>87,957</u>

於二零零三年三月三十一日，本集團之客戶就合約工程而持有保固金約為14,082,000港元(二零零二年：15,561,000港元)，而本集團在上述兩個年度並無從客戶就合約工程而收取預付款項。

## 18. 應收被投資公司之賬項

該賬項是由貿易產生，其賬齡於結算日之分析如下：

	本集團	
	二零零三年 千港元	二零零二年 千港元
零至九十天	6,391	—
九十天以上	2,059	—
	<u>8,450</u>	<u>—</u>

給予被投資公司之信貸數期為30天。

# Notes to the Financial Statements

## 19. TRADE DEBTORS

The following is an aged analysis of trade debtors at the reporting date:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
0-90 days	15,336	43,278
> 90 days	22,399	19,134
	<u>37,735</u>	<u>62,412</u>

Debts are due within 30 days from the date of billing.

## 20. TRADE CREDITORS

The following is an aged analysis of trade creditors at the reporting date:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
0-90 days	6,120	6,917
> 90 days	6,268	3,678
	<u>12,388</u>	<u>10,595</u>

## 19. 應收貿易賬項

於結算日之應收貿易賬項的賬齡分析如下：

	本集團	
	二零零三年 千港元	二零零二年 千港元
零至九十天	15,336	43,278
九十天以上	22,399	19,134
	<u>37,735</u>	<u>62,412</u>

貿易賬項於發單後三十天內繳付。

## 20. 應付貿易賬項

於結算日之應付貿易賬項的賬齡分析如下：

	本集團	
	二零零三年 千港元	二零零二年 千港元
零至九十天	6,120	6,917
九十天以上	6,268	3,678
	<u>12,388</u>	<u>10,595</u>

# Notes to the Financial Statements

## 21. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases				
– within one year	4,603	8,119	4,393	7,438
– after one year but within two years	1,027	4,603	980	4,393
– after two years but within five years	188	1,215	184	1,165
	<u>5,818</u>	13,937	<u>5,557</u>	12,996
Less: Future finance charges	<u>(261)</u>	(941)	–	–
Present value of lease obligations	<u>5,557</u>	<u>12,996</u>	<u>5,557</u>	12,996
Less: Amount due within one year classified as current liabilities			<u>(4,393)</u>	<u>(7,438)</u>
Amount due after one year			<u>1,164</u>	<u>5,558</u>

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 years. For the year ended 31 March 2003, the average effective borrowing rate was 7%. Interest rates are fixed at the contract date or stated at prime rate. No arrangement have been entered into for contingent rental payments.

## 21. 租購合約承擔

	本集團			
	最低償還額		最低償還額現值	
	二零零三年 千港元	二零零二年 千港元	二零零三年 千港元	二零零二年 千港元
應償還租購合約				
一年內	4,603	8,119	4,393	7,438
一年後至兩年內	1,027	4,603	980	4,393
兩年後至五年內	188	1,215	184	1,165
	<u>5,818</u>	<u>13,937</u>	<u>5,557</u>	<u>12,996</u>
減：未來之財務費用	(261)	(941)	—	—
租購合約承擔現值	<u>5,557</u>	<u>12,996</u>	<u>5,557</u>	<u>12,996</u>
減：一年內須償還之款額 分類為流動負債			<u>(4,393)</u>	<u>(7,438)</u>
一年後須償還款額			<u>1,164</u>	<u>5,558</u>

本集團以租購合約形式租賃一些廠房及設備，租賃期平均為三年，在二零零三年三月三十一日止之年度內，平均借貸息率為7%。息率於租約日期固定或以最優惠利率計算。集團並無為或然租賃支出作出安排。



# Notes to the Financial Statements

## 22. BANK BORROWINGS

Bank borrowings comprise the following:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Bank loans	43,440	22,959
Bank overdrafts	12,865	12,355
	<u>56,305</u>	<u>35,314</u>
Secured	9,434	9,715
Unsecured	46,871	25,599
	<u>56,305</u>	<u>35,314</u>

The maturity of the above loans and overdrafts is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
– within one year or on demand	56,305	33,442
– after one year but within two years	–	1,872
	<u>56,305</u>	<u>35,314</u>
Less: Amount due within one year classified as current liabilities	<u>(56,305)</u>	<u>(33,442)</u>
Amount due after one year	–	1,872

## 23. SHARE CAPITAL

	2003 & 2002	
	Number of shares	Nominal value HK\$'000
<b>Share capital</b>		
Ordinary shares of HK\$0.10 each:		
Authorised	400,000,000	40,000
Issued and fully paid	200,000,000	20,000

## 22. 銀行貸款

銀行貸款包括以下項目：

	本集團	
	二零零三年 千港元	二零零二年 千港元
銀行貸款	43,440	22,959
銀行透支	12,865	12,355
	<u>56,305</u>	<u>35,314</u>
有抵押	9,434	9,715
無抵押	46,871	25,599
	<u>56,305</u>	<u>35,314</u>

以上貸款及透支到期日如下：

	本集團	
	二零零三年 千港元	二零零二年 千港元
一年內或即時通知	56,305	33,442
一年後至兩年內	—	1,872
	<u>56,305</u>	<u>35,314</u>
減：分列為流動負債的一年內到期款額	(56,305)	(33,442)
一年後到期款額	—	1,872

## 23. 股本

	二零零三及二零零二年	
	股票數量	面值 千港元
<b>股本</b>		
每股面值港幣一角之普通股：		
法定	400,000,000	40,000
已發行及全數繳付	200,000,000	20,000

# Notes to the Financial Statements

## 24. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Capital reserves HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP							
At 1 April 2001	47,640	18,865	2,400	8,662	1,125	151,780	230,472
Net profit for the year	-	-	-	-	-	5,965	5,965
Dividend proposed	-	-	3,000	-	-	(3,000)	-
Dividends paid	-	-	(5,400)	-	-	-	(5,400)
Exchange differences on translation of overseas operations	-	-	-	-	(976)	-	(976)
At 1 April 2002	47,640	18,865	-	8,662	149	154,745	230,061
Net loss for the year	-	-	-	-	-	(69,137)	(69,137)
At 31 March 2003	47,640	18,865	-	8,662	149	85,608	160,924

	Share premium HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Retained profits (deficit) HK\$'000	Total HK\$'000
THE COMPANY					
At 1 April 2001		47,640	169,367	215	219,622
Net profit for the year		-	-	2,141	2,141
Dividend proposed		-	3,000	(3,000)	-
Dividends paid		-	(5,400)	-	(5,400)
At 1 April 2002		47,640	169,367	(644)	216,363
Net loss for the year		-	-	(55,954)	(55,954)
At 31 March 2003		47,640	169,367	(56,598)	160,409

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 2000.

Under the Bye-Laws of the Company, the share premium is distributable in the form of fully paid bonus shares.

## 24. 儲備

	股票溢價 千港元	繳入盈餘 千港元	股息儲備 千港元	資本儲備 千港元	外匯兌換 儲備 千港元	滾存溢利 千港元	總額 千港元
本集團							
於二零零一年四月一日	47,640	18,865	2,400	8,662	1,125	151,780	230,472
本年度純利	—	—	—	—	—	5,965	5,965
建議股息	—	—	3,000	—	—	(3,000)	—
已派股息	—	—	(5,400)	—	—	—	(5,400)
折算海外公司賬之 匯兌差額	—	—	—	—	(976)	—	(976)
於二零零二年四月一日	47,640	18,865	—	8,662	149	154,745	230,061
本年度淨虧損	—	—	—	—	—	(69,137)	(69,137)
於二零零三年三月三十一日	47,640	18,865	—	8,662	149	85,608	160,924

	股票溢價 千港元	繳入盈餘 千港元	股息儲備 千港元	滾存溢利 (赤字) 千港元	總額 千港元
本公司					
於二零零一年四月一日	47,640	169,367	2,400	215	219,622
本年度純利	—	—	—	2,141	2,141
建議派息	—	—	3,000	(3,000)	—
已派股息	—	—	(5,400)	—	(5,400)
於二零零二年四月一日	47,640	169,367	—	(644)	216,363
本年度淨虧損	—	—	—	(55,954)	(55,954)
於二零零三年三月三十一日	47,640	169,367	—	(56,598)	160,409

繳入盈餘代表本公司收購附屬公司當日之綜合股東資本與二零零零年本公司股票上市前本集團重組時被收購之公司股票面值。

根據本公司章程細則，股票發行溢價可以已繳足紅股方式分派。

# Notes to the Financial Statements

## 24. RESERVES (continued)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Contributed surplus	<b>169,367</b>	169,367
Deficits	<b>(56,598)</b>	(644)
	<b><u>112,769</u></b>	<u>168,723</u>

## 25. DEFERRED TAXATION

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of the year	<b>661</b>	661
Charge for the year (note 10)	<b>(272)</b>	–
	<b><u>389</u></b>	<u>661</u>

## 24. 儲備(續)

根據一九八一年之百慕達公司法(經修訂)，公司之繳入盈餘可派發給股東，在下列情況公司不可以從繳入盈餘中宣派或支付股息：

- (1) 因該支出而引至或將引至於到期日之負債未能償還；或
- (2) 資產之可變現值因而低於負債，已發行股本及股票溢價之總和。

董事會認為，本公司可供分配予股東之儲備如下：

	二零零三年 千港元	二零零二年 千港元
繳入盈餘	169,367	169,367
赤字	<u>(56,598)</u>	<u>(644)</u>
	<u>112,769</u>	<u>168,723</u>

## 25. 遞延稅項

	本集團	
	二零零三年 千港元	二零零二年 千港元
於本年度開始時之結餘	661	661
本年度之稅項(附註10)	<u>(272)</u>	<u>—</u>
於本年度終結時之結餘	<u>389</u>	<u>661</u>

根據本公司章程細則，股票發行溢價可以已繳足紅股方式分派。

# Notes to the Financial Statements

## 25. DEFERRED TAXATION (continued)

At the balance sheet date, the major components of the deferred taxation (assets) liabilities, provided and unprovided, are as follows:

	Provided		Unprovided	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
Tax effect of timing difference because of:				
Excess of tax allowances over depreciation	389	661	4,582	4,709
Estimated taxation losses	—	—	(16,185)	(6,060)
	<u>389</u>	<u>661</u>	<u>(11,603)</u>	<u>(1,351)</u>

## 26. CONTINGENT LIABILITIES

### THE GROUP

At 31 March 2003, there were contingent liabilities in respect of counter-guarantees, amounting to HK\$6,979,000 (2002: HK\$6,873,753), which was given by a subsidiary in favour of certain banks and insurance companies against any liabilities of these parties arising from non-compliance of the terms of interior building works being undertaken by a subsidiary.

### THE COMPANY

A corporate guarantee of approximately HK\$129,000,000 (2002: HK\$119,000,000) was given to banks to secure general banking facilities granted to the subsidiaries.

## 25. 遞延稅項(續)

於結算日，遞延稅項(資產)負債之主要項目包括已撥備及未作撥備之項目如下：

	已撥備		未作撥備	
	二零零三年 千港元	二零零二年 千港元	二零零三年 千港元	二零零二年 千港元
本集團				
因時間差異所造成的稅務影響：				
折舊免稅項超過相關折舊	389	661	4,582	4,709
估計稅項虧損	—	—	(16,185)	(6,060)
	<u>389</u>	<u>661</u>	<u>(11,603)</u>	<u>(1,351)</u>

## 26. 或然負債

### 本集團

於二零零三年三月三十一日，有保證之或然負債為6,979,000港元(二零零二年：6,873,753港元)，此乃由附屬公司給予銀行及保險公司、用以承擔因未能依據室內裝飾工程之條文而引發之負債。

### 本公司

由於往來銀行給予附屬公司銀行備用信貸，已提供公司保證約129,000,000港元(二零零二年：119,000,000港元)給有關往來銀行。



# Notes to the Financial Statements

## 27. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had future minimum lease payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Within one year	4,045	2,887	1,815	1,810
In the second to fifth year inclusive	4,366	507	3,024	–
	<u>8,411</u>	<u>3,394</u>	<u>4,839</u>	<u>1,810</u>

Leases are negotiated for an average term of three years and rentals are fixed for the lease period.

## 28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 February 2000 for the primary purpose of retaining high calibre executives and employees and the options are exercisable for a period up to 10 years from 23 February 2000. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 March 2003, the number of shares in respect of which options had been granted under the Scheme was 5,000,000, representing 2.5% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed to 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted on 31 August 2001 must be taken up at any time between 1 September 2002 to 31 August 2007, upon payment of HK\$1 as consideration of the grant. The exercise price is determined by the directors of the Company, and will not be less than 80% of the higher of the closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant or such other restrictions as stipulated in the Listing Rules.

The following tables disclosed details of the Company's share options and movements in such holdings during the year:

Date of grant	Outstanding at	Granted	Outstanding at	Movement	Outstanding at
	1.4.2001	during the year	31.3.2002	during the year	31.3.2003
31 August 2001	–	5,000,000	5,000,000	–	5,000,000

## 27. 經營租約承擔

於結算日，本集團對於以不能取消之經營租約形式租用之物業，其日後最低償還額到期日表列如下：—

	本集團		本公司	
	二零零三年 千港元	二零零二年 千港元	二零零三年 千港元	二零零二年 千港元
一年內	4,045	2,887	1,815	1,810
二至五年內	4,366	507	3,024	—
	<u>8,411</u>	<u>3,394</u>	<u>4,839</u>	<u>1,810</u>

租約訂定之平均期為三年，租約支出亦於租約期內固定。

## 28. 購股權計劃

於二零零零年二月二十三日議決通過採納的本公司之購股權計劃（「股權計劃」），主要是為保留優秀行政人員及員工而設立的，有關購股權，可於二零零零年二月二十三日起十年內行使。根據股權計劃，董事會可向合資格的員工，包括本公司及其附屬公司的董事，授予認購本公司股份之購股權。

於二零零三年三月三十一日，根據股權計劃而授予的購股權所涉及的股份共為5,000,000股，相當於當天本公司已發行股份的2.5%。根據股權計劃授予之購股權所涉及之股份總額，在未得本公司股東同意前，不得超過本公司當時已發行股份的10%。

於二零零一年八月三十一日所授予之購股權必須於二零零二年九月一日至二零零七年八月三十一日任何時間內被接納，並須繳付港幣一元作為酬金。購股權之行使價由本公司董事釐定，但不得低於授予購股權當日本公司股份之收市價，或之前五個交易日本公司股份收市價之平均值的80%，兩者以較高為準，或上市規則所規定為準。

本公司之購股權之詳情及本年度內之變動披露如下：

授予購股權之日期	於二零零一年 四月一日時 未行使之數量	該年度 內授出	於二零零二年 三月三十一日 未行使之數量	本年度內 之變動	於二零零三年 三月三十一日 未行使之數量
二零零一年八月三十一日	—	5,000,000	5,000,000	—	5,000,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# Notes to the Financial Statements

## 29. RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

The employer's contributions to the retirement scheme charged to income statement and the forfeited voluntary contributions credited to the income statement amounted to approximately HK\$2,358,000 (2002: HK\$2,264,000) and HK\$400,000 (2002: HK\$372,000) respectively for the year ended 31 March 2003.

## 30. RELATED PARTY TRANSACTIONS

During the year, the Group paid rentals of approximately HK\$2,415,000 (2002: HK\$2,715,000) in respect of the Group's office premises, showrooms and warehouses to a company in which certain shareholders and directors of the Company have beneficial interests.

Rental expenses paid to the related company was transacted with reference to the rental rates prevailing in the market.

## 29. 退休金計劃

本集團對所有合資格之員工提供強制性公積金計劃，計劃中之資產與本集團分開並由受託人管理其基金。本集團將有關員工薪金之5%供入強制性公積金計劃內，員工亦須供相同之款項。

於二零零三年三月三十一日年度止，僱主於退休金計劃之供款在收益表中支付及自願性供款退回之部份計入收益表中的款項分別約為2,358,000港元(二零零二年：2,264,000港元)及400,000港元(二零零二年：372,000港元)。

## 30. 關連交易

於本年內，集團已支付集團之辦公地方，陳列室、貨倉租金約2,415,000港元(二零零二年：2,715,000港元)給某公司，該公司之某些股東及董事乃本公司之股東及董事。

所付給關連公司之租金乃以當時市場之租金作參考。