

DIRECTORS' REPORT

董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31st March, 2003.

PRINCIPAL ACTIVITIES

During the year, the Company acted as an investment holding company and its subsidiaries were principally engaged in property investment, manufacturing, trading and leasing of energy saving machine.

Particular of the Company's principal subsidiaries as at 31st March, 2003 are set out in note 47 to the financial statements.

CORPORATE RESTRUCTURING

The Group has been operating at a substantial loss for the past few years and recorded a negative consolidated net tangible asset value since 31st March, 2001. The Group was unable to draw down existing facilities or arrange new facilities for the settlement of outstanding debts and unable to maintain its normal operations. The Company has requested for the suspension of the trading of its shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 19th February, 2003 and remained suspended up to the date of this report.

On 15th July, 2003, the Company entered into the restructuring agreement with Chinese Estates Holdings Limited and its subsidiary, Million Point Limited ("Million Point") (together "Restructuring Proposal"). The Restructuring Proposal involved schemes of arrangement between the Company and its creditors, capital reorganisation of the Company and the subscription of new equity capital of the Company by Million Point. The Restructuring Proposal, if implemented, would enable the Group to return to a positive consolidated net tangible asset value position.

Details of Restructuring Proposal are set out in note 50 to the financial statements.

TURNOVER AND CONTRIBUTION BY SEGMENT

The Group's turnover and contribution to loss from operations analysed by principal activities are set out in note 6 to the financial statements.

董事會提呈截至二零零三年三月三十一日止年度之年報及經審核財務報告。

主要業務

年內，本公司為投資控股公司，其附屬公司主要從事物業投資以及能源節省器之製造、買賣及租賃。

本公司主要附屬公司於二零零三年三月三十一日之詳情載於財務報告附註 47。

公司重組

本集團於過去數年一直在嚴重虧蝕之情況下經營，自二零零一年三月三十一日起綜合有形資產淨值呈現負數。本集團未能動用現有信貸或安排新信貸以償還債務，亦未能維持正常運作。本公司已要求由二零零三年二月十九日起暫停其股份於香港聯合交易所有限公司（「聯交所」）之買賣，而股份直至本報告日期仍然暫停買賣。

於二零零三年七月十五日，本公司與 Chinese Estates Holdings Limited（「華置」）及其附屬公司 Million Point Limited（「Million Point」）訂立重組協議（合稱「重組建議」）。重組建議涉及本公司與其債權人之債務償還安排計劃、本公司股本重組及 Million Point 認購本公司新股本。重組建議如付諸實行會令本集團重回正數之綜合有形資產淨值狀況。

重組建議之詳情載於財務報告附註 50。

營業額及分類資料

本集團之營業額及按主要業務分析之應佔經營虧損載於財務報告附註 6。

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 24.

The modified Auditors' Report for the year is set out on page 22 to 23.

DIVIDEND

No interim dividend was paid for the year (2002: Nil). The Board resolved not to recommend the payment of any final dividend for the year ended 31st March, 2003 (2002: Nil).

INVESTMENT PROPERTIES

During the year, the Group acquired certain leasehold properties in Hong Kong for a total consideration of approximately HK\$177,551,000 (2002: Nil) in order to replenish the Group's operating capacity. Investment Property with a net book value of approximately HK\$8,700,000 (2002: Nil) was disposed of during the year.

The Group's investment properties were revalued at 31st March, 2003 on an open market value basis. Details are set out in note 14 to the financial statements.

A summary of the investment properties held by the Group at 31st March, 2003 is set out on page 84.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five years is set out on page 83.

SHARE CAPITAL

Details of the movements in the authorised and issued share capital are set out in note 33 to the financial statements.

業績

本集團之年度業績載於第 24 頁之綜合收入報表。

本年度之經修改會計師報告載於第 22 至 23 頁。

股息

本年度並無派發中期股息（二零零二年：無）。董事會議決不派發截至二零零三年三月三十一日止年度任何末期股息（二零零二年：無）。

投資物業

年內，本集團以總代價約 177,551,000 港元（二零零二年：無）於香港收購若干租賃物業，以填補本集團之營運能力。賬面淨值約為 8,700,000 港元（二零零二年：無）之投資物業已於年內出售。

本集團之投資物業於二零零三年三月三十一日按公開市值基準重估，有關詳情載於財務報告附註 14。

本集團於二零零三年三月三十一日所持之投資物業之概要載於第 84 頁。

物業、廠房及設備

本集團之物業、廠房及設備於年內之變動詳情載於財務報告附註 15。

財務概要

本集團於最近五年之業績、資產及負債概要載於第 83 頁。

股本

法定及已發行股本之變動詳情載於財務報告附註 33。

DIRECTORS' REPORT

董事會報告書

CONVERTIBLE BONDS

During the year, the Company issued non-interest bearing convertible bonds due 2006 with an aggregate principal amount of HK\$158 million at a discount of 5% and redeemed all the outstanding 7.5% convertible bonds of HK\$8.4 million. The convertible bonds due 2006 was used to satisfy the consideration of acquisition of investment properties of the Group. Details of these and other movements in the convertible bonds are set out in note 32 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Chan Hung Lit, Simon (*Chairman*)
Yung Man Chi
(appointed on 2nd October, 2002)
Wong Sai Tat
(appointed on 2nd October, 2002)
Leung Wing Pong
(appointed on 17th October, 2002)
Shek Lai Ping, Jackie
(appointed on 20th January, 2003)
Chan Lai Chu
(appointed on 2nd October, 2002 and
resigned on 17th October, 2002)
Lee Kwan Ching
(appointed on 2nd October, 2002 and
resigned on 20th January, 2003)
Li Wing Kin
(resigned on 8th April, 2003)
Cheung Kwai Sun, Roger
(resigned on 8th April, 2003)
Lee Sze Kwong, William
(resigned on 25th September, 2002)
Lo Siu Wah
(resigned on 25th September, 2002)

Independent non-executive directors:

Chan Kam Wing, Jack
(appointed on 30th May, 2002)
Wong Kwong Ho
(appointed on 8th April, 2003 and
resigned on 7th July, 2003)
Lai Hin Wing, Henry
(resigned on 29th January, 2003)
Wong Kai Tat
(resigned on 4th June, 2002)

可換股債券

年內，本公司發行本金額合共 158,000,000 港元之二零零六年到期不計息可換股債券，折讓為 5%，並贖回金額為 8,400,000 港元之所有尚餘之 7.5 厘可換股債券。二零零六年到期之可換股債券用以支付本集團所收購之投資物業之代價。上述事宜及可換股債券之其他變動詳情載於財務報告附註 32。

董事及董事之服務合約

年內及截至本報告日期止本公司之董事如下：

執行董事：

陳鴻烈 (主席)
容敏芝
(於二零零二年十月二日委任)
黃世達
(於二零零二年十月二日委任)
梁榮邦
(於二零零二年十月十七日委任)
石麗萍
(於二零零三年一月二十日委任)
陳麗珠
(於二零零二年十月二日委任，
後於二零零二年十月十七日辭職)
李群貞
(於二零零二年十月二日委任，
後於二零零三年一月二十日辭職)
李永建
(於二零零三年四月八日辭職)
章桂新
(於二零零三年四月八日辭職)
李仕光
(於二零零二年九月二十五日辭職)
羅兆華
(於二零零二年九月二十五日辭職)

獨立非執行董事：

陳淦榮
(於二零零二年五月三十日委任)
黃光豪
(於二零零三年四月八日委任，
後於二零零三年七月七日辭職)
賴顯榮
(於二零零三年一月二十九日辭職)
王啟達
(於二零零二年六月四日辭職)

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (cont'd)

In accordance with clauses 86(2) and 87(3) of the Company's bye-laws, Messrs. Wong Sai Tat, Leung Wing Pong, Shek Lai Ping, Jackie and Yung Man Chi will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period up to his retirement as required by the Company's Bye-laws, or for a period of two years from date of appointment.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2003, save for the interests disclosed below and under the sections headed "Share Option Schemes", none of the directors of the Company had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company under Section 29 of the SDI Ordinance.

Share of the Company

Name of director

董事姓名

Chan Kam Wing, Jack

陳淦榮

SHARE OPTION SCHEMES

The Company has adopted share option schemes on 16th August, 1990 (the "1990 Scheme"), 23rd August, 2000 (the "2000 Scheme") and 15th February, 2002 (the "2002 Scheme") for which the details are set out in note 34 to the financial statements.

董事及董事之服務合約 (續)

根據本公司之公司細則第 86(2) 及 87(3) 條，黃世達先生、梁榮邦先生、石麗萍女士及容敏芝女士將於稍後舉行之股東週年大會上退任，並符合資格重選連任。

每位獨立非執行董事之任期直至其根據本公司之公司細則輪值退任時屆滿，或由獲委任當日起計兩年。

擬於稍後舉行之股東週年大會上重選連任之董事概無與本公司或其任何附屬公司訂立本公司或其任何附屬公司一年內不可終止而毋須賠償（法定賠償除外）之服務合約。

董事於證券之權益

於二零零三年三月三十一日，除在下文及「購股權計劃」一節所披露之權益外，按照本公司根據證券（披露權益）條例（「披露權益條例」）第 29 條存置之登記冊所記錄，本公司各董事在本公司或其任何聯營公司（定義見披露權益條例）之證券中，概無擁有任何個人、家族、公司或其他權益。

本公司股份

Number of shares held
as personal interests
作為個人權益
持有之股份數目

490,000

購股權計劃

本公司先後於一九九零年八月十六日、二零零零年八月二十三日及二零零二年二月十五日採納購股權計劃（分別簡稱「一九九零年計劃」、「二零零零年計劃」及「二零零二年計劃」，詳情載於財務報告附註 34。

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董事會報告書

SHARE OPTION SCHEMES (cont'd)

(a) 1990 Scheme

Details of the movements of the options under the 1990 Scheme during the year and the outstanding options at 31st March, 2003 are as follows:

購股權計劃 (續)

(a) 一九九零年計劃

根據一九九零年計劃獲授之購股權於年內之變動及於二零零三年三月三十一日之未行使購股權之詳情如下:

Name of director 董事姓名	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Number of share options 購股權數目		
				Outstanding at 1.4.2002 於二零零二年 四月一日 尚未行使	Lapsed during the year 年內作廢	Outstanding at 31.3.2003 於二零零三年 三月三十一日 尚未行使
<i>Category 1: Executive directors</i> 第一類: 執行董事						
Lee Sze Kwong, William 李仕光	30.10.1999	16.92	30.10.1999 – 30.10.2002	68,736	(68,736)	–
	4.1.2000	29.15	4.1.2000 – 4.1.2003	34,368	(34,368)	–
	5.1.2000	31.56	5.1.2000 – 5.1.2003	1,489	(1,489)	–
	6.1.2000	33.10	6.1.2000 – 6.1.2003	8,019	(8,019)	–
	20.1.2000	37.36	20.1.2000 – 20.1.2003	69,882	(69,882)	–
	24.3.2000	17.17	24.3.2000 – 24.3.2003	78,474	(78,474)	–
Lo Siu Wah 羅兆華	4.1.2000	29.15	4.1.2000 – 4.1.2003	97,377	(97,377)	–
	5.1.2000	31.56	5.1.2000 – 5.1.2003	2,864	(2,864)	–
	6.1.2000	33.10	6.1.2000 – 6.1.2003	24,058	(24,058)	–
	20.1.2000	37.36	20.1.2000 – 20.1.2003	209,073	(209,073)	–
	24.3.2000	17.17	24.3.2000 – 24.3.2003	206,209	(206,209)	–
Cheung Kwai Sun, Roger 章桂新	4.1.2000	29.15	4.1.2000 – 4.1.2003	34,368	(34,368)	–
	5.1.2000	31.56	5.1.2000 – 5.1.2003	1,489	(1,489)	–
	6.1.2000	33.10	6.1.2000 – 6.1.2003	8,019	(8,019)	–
	20.1.2000	37.36	20.1.2000 – 20.1.2003	69,882	(69,882)	–
	24.3.2000	17.17	24.3.2000 – 24.3.2003	68,736	(68,736)	–
Total executive directors 執行董事合計				983,043	(983,043)	–
<i>Category 2: Employees</i> 第二類: 僱員						
	30.10.1999	16.92	30.10.1999 – 30.10.2002	515,523	(515,523)	–
	4.1.2000	29.15	4.1.2000 – 4.1.2003	98,693	(98,693)	–
	5.1.2000	31.56	5.1.2000 – 5.1.2003	6,989	(6,989)	–
	6.1.2000	33.10	6.1.2000 – 6.1.2003	25,203	(25,203)	–
	20.1.2000	37.36	20.1.2000 – 20.1.2003	209,073	(209,073)	–
	24.3.2000	17.17	24.3.2000 – 24.3.2003	209,074	(209,074)	–
Total employees 僱員合計				1,064,555	(1,064,555)	–
Total all categories 各類合計				2,047,598	(2,047,598)	–

SHARE OPTION SCHEMES (cont'd)

(b) 2000 Scheme

Details of the movements of the options under the 2000 Scheme during the year and the outstanding options at 31st March, 2003 are as follows:

購股權計劃 (續)

(b) 二零零零年計劃

根據二零零零年計劃獲授之購股權於年內之變動及於二零零三年三月三十一日之未行使購股權之詳情如下:

Name of director 董事姓名	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Number of share options 購股權數目		
				Outstanding at 1.4.2002 於二零零二年 四月一日 尚未行使	Lapsed on resignation during the year* 於年內辭職 而作廢*	Outstanding at 31.3.2003 於二零零三年 三月三十一日 尚未行使
<i>Category 1: Executive directors</i> 第一類: 執行董事						
Lee Sze Kwong, William 李仕光	26.8.2000 21.2.2001	8.790 1.740	26.8.2000 – 25.8.2010 21.2.2001 – 20.2.2011	444,495 57,280	– –	444,495 57,280
Lo Siu Wah 羅兆華	26.8.2000 28.8.2000 21.2.2001	8.790 8.790 1.740	26.8.2000 – 25.8.2010 28.8.2000 – 27.8.2010 21.2.2001 – 20.2.2011	1,288,808 372,322 68,736	(1,288,808) (372,322) (68,736)	– – –
Cheung Kwai Sun, Roger 章桂新	26.8.2000 21.2.2001	8.790 1.740	26.8.2000 – 25.8.2010 21.2.2001 – 20.2.2011	229,121 57,280	– –	229,121 57,280
Total executive directors 執行董事合計				2,518,042	(1,729,866)	788,176
<i>Category 2: Employees</i> 第二類: 僱員						
	26.8.2000 21.2.2001	8.790 1.740	26.8.2000 – 25.8.2010 21.2.2001 – 20.2.2011	437,622 693,093	(143,201) (45,824)	294,421 647,269
Total employees 僱員合計				1,130,715	(189,025)	941,690
Total all categories 各類合計				3,648,757	(1,918,891)	1,729,866

* *The outstanding share options were declared lapsed by the board of directors upon resignation of the directors or employees.*

* 該等未行使購股權因有關董事或僱員辭職由董事會宣布作廢。

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SHARE OPTION SCHEMES (cont'd)

(c) 2002 Scheme

Details of the movements of the options under the 2002 Scheme during the year and the outstanding options at 31st March, 2003 are as follows:

購股權計劃 (續)

(c) 二零零二年計劃

根據二零零二年計劃獲授之購股權於年內之變動及於二零零三年三月三十一日之未行使購股權之詳情如下:

Name of director 董事姓名	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercisable period 行使期	Number of share options 購股權數目					
				Outstanding at 1.4.2002 於二零零二年 四月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed on expiry during the year 於年內期滿 而作廢	Lapsed on resignation during the year* 於年內辭職 而作廢*	Outstanding at 31.3.2003 於二零零三年 三月三十一日 尚未行使
<i>Category 1: Executive directors</i> 第一類：執行董事									
Chan Hung Lit, Simon 陳鴻烈	21.3.2002	0.086	21.3.2002 – 30.9.2002	3,270,000	–	–	(3,270,000)	–	–
Lee Sze Kwong, William 李仕光	21.3.2002 25.10.2002	0.086 0.011	21.3.2002 – 30.9.2002 25.10.2002 – 30.4.2003	2,350,000 –	– 5,000,000	– (5,000,000)	(2,350,000) –	– –	– –
Lo Siu Wah 羅兆華	21.3.2002	0.086	21.3.2002 – 30.9.2002	2,200,000	–	–	–	(2,200,000)	–
Cheung Kwai Sun, Roger 章桂新	21.3.2002	0.086	21.3.2002 – 30.9.2002	3,200,000	–	–	(3,200,000)	–	–
Li Wing Kin 李永建	21.3.2002	0.086	21.3.2002 – 30.9.2002	2,200,000	–	–	(2,200,000)	–	–
Total executive directors 執行董事合計				13,220,000	5,000,000	(5,000,000)	(11,020,000)	(2,200,000)	–
<i>Category 2: Independent non-executive directors</i> 第二類：獨立非執行董事									
Lai Hin Wing, Henry 賴顯榮	21.3.2002	0.086	21.3.2002 – 30.9.2002	366,000	–	–	(366,000)	–	–
Wong Kai Tat 王啟達	21.3.2002	0.086	21.3.2002 – 30.9.2002	366,000	–	–	(366,000)	–	–
Tsang Yim Fan, Josephine 曾艷芬	21.3.2002	0.086	21.3.2002 – 30.9.2002	366,000	–	–	(366,000)	–	–
Total independent non-executive directors 獨立非執行董事合計				1,098,000	–	–	(1,098,000)	–	–
<i>Category 3: Employees</i> 第三類：僱員									
	21.3.2002	0.086	21.3.2002 – 30.9.2002	6,330,000	–	–	(6,330,000)	–	–
	22.8.2002	0.027	22.8.2002 – 28.2.2003	–	10,000,000	(10,000,000)	–	–	–
	25.10.2002	0.011	25.10.2002 – 30.4.2003	–	1,500,000	(1,500,000)	–	–	–
	29.11.2002	0.010	29.11.2002 – 30.6.2003	–	16,900,000	(16,900,000)	–	–	–
	2.12.2002	0.010	2.12.2002 – 30.6.2003	–	4,000,000	(4,000,000)	–	–	–
Total employees 僱員合計				6,330,000	32,400,000	(32,400,000)	(6,330,000)	–	–
Total all categories 各類合計				20,648,000	37,400,000	(37,400,000)	(18,448,000)	(2,200,000)	–

* The outstanding share options were declared lapsed by the board of directors upon resignation of the directors.

* 該等未行使購股權因有關董事辭職由董事會宣布作廢。