

Report of the Directors

董事局報告書

The directors are pleased to present their annual report together with the audited accounts of Café de Coral Holdings Limited (the “Company”) and its subsidiaries (together with the Company hereinafter as the “Group”) for the year ended 31st March, 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and the food processing and distribution business. The activities of the principal subsidiaries are set out on pages 92 to 97.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 40.

The details of dividends for the year ended 31st March, 2003 are set out in Note 9 to the accounts. An interim dividend of 6.4 cents per share, totaling approximately HK\$34,425,000 was paid on 23rd January, 2003. The directors recommend the payment of a final dividend of 18 cents per share, totaling approximately HK\$95,515,000.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 28 to the accounts.

Distributable reserves of the Company at 31st March, 2003 amounted to approximately HK\$122,610,000.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 13 to the accounts.

董事局欣然呈報截至二零零三年三月三十一日止年度之週年報告書及大家樂集團有限公司(「本公司」)及其附屬公司(「本集團」)之經審核賬目。

主要業務

本公司主要業務為投資控股。本集團主要經營連鎖式速食餐飲業務、快餐廳、機構飲食業務和特式餐廳及食品製造及分銷業務。主要附屬公司之業務載列於賬目內第92至97頁。

業績及溢利分配

本集團是年度之業績載列於第40頁之綜合損益表內。

截至二零零三年三月三十一日止年度之股息詳情載列於賬目附註9。中期股息每股港幣6.4仙，合共約港幣34,425,000元，已於二零零三年一月二十三日派發。現董事局建議派發末期股息每股港幣18仙，合共約港幣95,515,000元。

儲備

本集團及本公司於本年度之儲備變動情況載列於賬目附註28。

截至二零零三年三月三十一日止，本公司可分配之儲備約為港幣122,610,000元。

固定資產

本集團之固定資產變動情況載列於賬目附註13。

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 26 to the accounts.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 100 to 104.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there was no restriction against such rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company purchased and cancelled 12,186,000 shares of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited ("SEHK") with details as follows:

Month and year of purchase	Number of shares purchased	Price per share 每股價格		Total cash paid (including related expenses) 所付現金總額 (包括有關開支)
		Highest price paid	Lowest price paid	
回購年份及月份	回購股份數目	所付最高價 HK\$ 港幣	所付最低價 HK\$ 港幣	HK\$'000 港幣千元
October 2002 二零零二年十月	3,194,000	5.200	4.575	15,947
November 2002 二零零二年十一月	4,742,000	5.250	4.950	24,202
March 2003 二零零三年三月	4,250,000	4.800	4.325	20,085
	<u>12,186,000</u>			<u>60,234</u>

An amount of approximately HK\$60,234,000 was transferred from contributed surplus to capital redemption reserve.

股本

本公司之股本變動情況載列於賬目附註 26。

五年財務概要

本集團過去五個財政年度之業績及資產負債概要載列於第 100 至 104 頁。

股本優先購買權

本公司之公司細則中並無股本優先購買權之條文，而百慕達之法例亦無對此等權利作出任何限制。

購買、出售或贖回股份

本年度內，本公司於香港聯合交易所有限公司（「聯交所」）回購及註銷本公司每股面值港幣 0.10 元合共 12,186,000 股，詳情如下：

約港幣 60,234,000 元之回購金額由實繳盈餘撥往資本贖回儲備。

PURCHASE, SALE OR REDEMPTION OF SHARES (Cont'd)

Other than the above purchase of shares, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year.

The directors considered that the purchase of shares would be to the benefit of the Company and would lead to an enhancement of earnings per share and liquidity of shares.

SHARE OPTIONS

Pursuant to a share option scheme adopted by the Company on 30th January, 1991 (the "Previous Scheme"), the Company has granted certain options to executives and employees of the Group including executive directors employed by the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein. The Previous Scheme was terminated upon the passing of a shareholders' resolution for adoption of a new share option scheme on 19th September, 2000 (the "Scheme"). Accordingly, no options can be granted under the Previous Scheme as at the date of this report. However, for the outstanding options granted and yet to be exercised under the Previous Scheme, the existing rights of the grantees are not affected.

Pursuant to the Scheme, the Company may grant options to executive directors and employees of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein.

Summary of details of the Scheme is as follows:

Purpose

To give incentive and retain eligible participants who contribute to the business and development of the Group

Participants

Full-time employees (including full-time executive directors) of the Company or any of its subsidiaries

購買、出售或贖回股份 (續)

除上述回購股份外，本公司及其附屬公司於本年度內並無購買、出售或贖回本公司之任何上市證券。

董事局認為回購股份有利於本公司及可提高股份之每股盈利及其流量。

認股特權

根據本公司於一九九一年一月三十日採納之特權認股計劃（「前計劃」），本公司按前計劃之條款規定，已向受僱於本集團之行政人員及僱員，包括執行董事，授予認股特權以認購本公司之普通股。前計劃已於二零零零年九月十九日股東通過採納新特權認股計劃（「該計劃」）之決議案後而終止。因此，於本報告日本公司已不能以前計劃授予認股特權。但按前計劃已授出而未行使之認股特權，承授人之現有權利則不受影響。

根據該計劃，本公司可按其條款規定，向受僱於本集團之執行董事及僱員授予認股特權以認購本公司之普通股。

該計劃之概要如下：

目的

獎勵及挽留對本集團之業務及發展作出貢獻之合資格參與者

參與者

本公司或其任何附屬公司之全職僱員（包括全職執行董事）

SHARE OPTIONS (Cont'd)

Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report

53,064,003 ordinary shares and 10% of the issued share capital

Maximum entitlement of each participant

25% of the aggregate number of shares for the time being issued and issuable under the Scheme

Period within which the securities must be taken up under an option

5 years commencing on the date on which an option becomes exercisable and expiring on the last day of the 5 years period save that such period shall not expire later than 10 years from the commencement date on which the option is deemed to be granted and accepted in accordance with the Scheme

Minimum period for which an option must be held before it can be exercised

Not applicable

Amount payable on acceptance of the option

HK\$1.00

Period within which payments/calls/loans must be made/repaid

28 days from the date of the offer

Basis of determining the exercise price

The higher of (i) the nominal value of a share or (ii) an amount which is not less than 80% nor more than 100% of the average of the closing price of the shares as stated in the SEHK's daily quotations sheets for the 5 business days immediately preceding the date of offer of the option

The remaining life of the Scheme

The Scheme remains in force until 18th September, 2010 unless otherwise terminated under terms of the Scheme

認股特權 (續)

可發行普通股總數及於年報簽發日期佔已發行股本之百分比

53,064,003股普通股，相等於已發行股本10%

每名參與者可獲發股份之上限

按該計劃已發行及可予發行股份數目之25%

根據認股特權認購證券之期限

由認股特權可行使之日起計五年內，但不得超過按該計劃認股特權被視為已授出及接受之日起計十年

行使認股特權前須持有之最低期限

不適用

接納認股特權時應付之金額

港幣1元

付款/催繳款項/償還貸款之期限

由授出日起計二十八日

行使價之釐定基準

以(i)本公司股份面值，或(ii)授出認股特權前五個交易日本公司股份於聯交所每日報價表所載之平均收市價之折讓比率(介乎80%與100%之間)，以較高者為準

該計劃之剩餘年期

其有效期至二零一零年九月十八日，惟根據該計劃之條款提前終止者除外

SHARE OPTIONS (Cont'd)

The SEHK has introduced a number of changes to the Rules Governing the Listing of Securities on the SEHK (the “Listing Rules”) on share option schemes. These new rules came into effect on 1st September, 2001. No share options have been granted by the Company under the Scheme since its adoption on 19th September, 2000. However, any option to be granted under the Scheme shall be subject to the new rules which include, inter alia, the following:

- (a) The maximum number of shares issuable upon the exercise of the options granted to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in advance in a general meeting;
- (b) The exercise price of the share options is determined by the directors, but may not be less than the higher of (i) the closing price of the Company’s shares as stated in the SEHK’s daily quotations sheets on the date of grant; and (ii) the average closing price of the Company’s shares as stated in the SEHK’s daily quotations sheets for the 5 business days immediately preceding the date of grant.

認股特權 (續)

聯交所就有關特權認股計劃之證券上市規則(「上市規則」)作出數項修訂。此等規則於二零零一年九月一日生效。自二零零零年九月十九日採納該計劃以來，本公司並未授出認股特權。然而，根據該計劃授出之任何認股特權須作出下列新修改，其中包括：

- (a) 於任何十二個月期間，根據認股特權對每位合資格參與者可發行之最高股份數目在任何時間均受限於已發行股份之1%。倘授出超越此限制之認股特權須先獲得股東於股東大會批准；
- (b) 認股特權之行使價由董事局決定，但不得低於(i)授出認股特權之日本公司股份在聯交所每日報價表所載之收市價；或(ii)授出日期前五個交易日本公司股份在聯交所每日報價表所載之平均收市價，以較高者為準。

SHARE OPTIONS (Cont'd)

Details of the share options outstanding as at 31st March, 2003 which have been granted under the Previous Scheme are as follows:

Type of grantees	承授人		Options outstanding at 1st April, 2002 於二零零二年 四月一日 尚未行使之 認股特權	Options exercised during the year 年內 行使之 認股特權	Options lapsed on expiry 年內因到期 而失效之 認股特權	Options cancelled as a result of termination of employment 年內因 離職而 註銷之 認股特權	Options outstanding at 31st March, 2003 於二零零三年 三月三十一日 尚未行使之 認股特權
Executive directors	執行董事						
Mr. Chan Yue Kwong, Michael	陳裕光先生	(i)	1,500,000	-	-	-	1,500,000
Mr. Lo Hoi Kwong, Sunny	羅開光先生	(i)	1,500,000	-	-	-	1,500,000
Ms. Lo Pik Ling, Anita	羅碧靈女士	(i)	400,000	-	-	-	400,000
Mr. Lo Tak Shing, Peter	羅德承先生	(i)	350,000	-	-	-	350,000
Continuous contract employees	長期合約僱員	(i)	20,650,000	-	-	(900,000)	19,750,000
		(ii)	100,000	(100,000)	(iii)	-	-
			<u>24,500,000</u>	<u>(100,000)</u>		<u>(900,000)</u>	<u>23,500,000</u>

Notes:

- (i) The share options were granted on 4th November, 1999 and are exercisable at HK\$2.950 per share during the period from 1st April, 2003 to 31st March, 2013.
- (ii) The share options were granted on 1st November, 1994 and are exercisable at HK\$2.232 per share during the period from 24th November, 1997 to 23rd November, 2006.
- (iii) The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the year was HK\$6.100.

Save as disclosed above, no share options were granted, exercised, lapsed or cancelled during the year.

認股特權 (續)

於二零零三年三月三十一日，按前計劃已授出但尚未行使之認股特權詳情如下：

Type of grantees	承授人		Options outstanding at 1st April, 2002 於二零零二年 四月一日 尚未行使之 認股特權	Options exercised during the year 年內 行使之 認股特權	Options lapsed on expiry 年內因到期 而失效之 認股特權	Options cancelled as a result of termination of employment 年內因 離職而 註銷之 認股特權	Options outstanding at 31st March, 2003 於二零零三年 三月三十一日 尚未行使之 認股特權
Executive directors	執行董事						
Mr. Chan Yue Kwong, Michael	陳裕光先生	(i)	1,500,000	-	-	-	1,500,000
Mr. Lo Hoi Kwong, Sunny	羅開光先生	(i)	1,500,000	-	-	-	1,500,000
Ms. Lo Pik Ling, Anita	羅碧靈女士	(i)	400,000	-	-	-	400,000
Mr. Lo Tak Shing, Peter	羅德承先生	(i)	350,000	-	-	-	350,000
Continuous contract employees	長期合約僱員	(i)	20,650,000	-	-	(900,000)	19,750,000
		(ii)	100,000	(100,000)	(iii)	-	-
			<u>24,500,000</u>	<u>(100,000)</u>		<u>(900,000)</u>	<u>23,500,000</u>

附註：

- (i) 認股特權於一九九九年十一月四日授出，並可於二零零三年四月一日至二零一三年三月三十一日止期間內以每股港幣2.950元認購本公司股份。
- (ii) 認股特權於一九九四年十一月一日授出，並可於一九九七年十一月二十四日至二零零六年十一月二十三日止期間內以每股港幣2.232元認購本公司股份。
- (iii) 本公司股份於本年度在緊接認股特權行使日期之前的加權平均收市價為港幣6.100元。

除上述披露外，於年內並無授出、行使、失效或註銷認股特權。

Report of the Directors

董事局報告書

DIRECTORS

The directors who held office during the year and up to the date of this report are:

Executive directors

Mr. Chan Yue Kwong, Michael (Chairman)
Mr. Lo Hoi Kwong, Sunny (Managing Director)
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive directors

Mr. Lo Tang Seong, Victor
Mr. Lo Hoi Chun
Ms. Leung Sau Lai, Kathy
Mr. Hui Tung Wah, Samuel

Independent non-executive directors

Mr. Choi Ngai Min, Michael
Mr. Li Kwok Sing, Aubrey

All non-executive directors and independent non-executive directors have been appointed for a term of 2-3 years subject to retirement by rotation as required by the Company's Bye-Laws.

In accordance with Section 109(A) of the Company's Bye-Laws, Mr. Lo Tak Shing, Peter, Ms. Leung Sau Lai, Kathy and Mr. Hui Tung Wah, Samuel retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

董事

於本年度內及直至本報告書發出日期止任職之董事載列如下：

執行董事

陳裕光先生 (主席)
羅開光先生 (行政總裁)
羅碧靈女士
羅德承先生

非執行董事

羅騰祥先生
羅開親先生
梁秀麗女士
許棟華先生

獨立非執行董事

蔡涯棉先生
李國星先生

所有非執行董事及獨立非執行董事獲委任之任期為兩至三年，須根據本公司之公司細則規定輪值告退。

根據本公司細則第一零九(A)條，羅德承先生、梁秀麗女士及許棟華先生須於行將召開之股東週年大會上依章輪值告退，彼等願膺選連任。

董事服務合約

所有擬於應屆股東週年大會上膺選連任之董事，概無與本公司訂立一年內終止而須作補償(法定補償除外)之服務合約。

DIRECTORS' INTERESTS IN CONTRACTS

On 11th April, 2000, Weli Company Limited (“Weli”), a wholly-owned subsidiary of the Company, as tenant entered into a tenancy agreement with Tinway Investments Limited (“Tinway”) as landlord in respect of a premises for the operation of a fast food restaurant. Tinway was controlled by Ms. Lo Pik Ling, Anita, an associate of Mr. Chan Yue Kwong, Michael and Ardley Enterprises Limited, a company wholly and beneficially owned by the family members of Mr. Lo Hoi Kwong, Sunny. Under the tenancy agreement, Weli was required to pay a monthly rental of HK\$170,000 from 12th April, 2000 to 11th April, 2003.

On 23rd December, 1999, each of Yumi Yumi Caterers Limited (“Yumi”) and Very Nice Fast Food Limited (“Very Nice”), the two indirect wholly-owned subsidiaries of the Company, as tenants entered into tenancy agreements with LBK Trustee Holding Corporation (known as “LBK Holding Corporation” with effect from 15th November, 2002) (“LBK”) as landlord renewing the existing tenancy agreements in respect of two premises at 77 Tung Choi Street and 108 Prince Edward Road West for the operation of fast food restaurants. LBK was wholly and beneficially owned by the family members of Mr. Lo Hoi Chun, a non-executive director of the Company. Mr. Lo Hoi Chun and his associates were directors of LBK. Mr. Lo Hoi Chun was also a director of Yumi. Pursuant to the agreements, Yumi and Very Nice were required to pay a monthly rental of HK\$61,000 and HK\$110,000 respectively from 1st January, 2000 to 31st December, 2002.

On 31st March, 2003, Very Nice, as tenant entered into another tenancy agreement with LBK as landlord renewing the existing tenancy agreement in respect of the premises at 108 Prince Edward Road West for the operation of fast food restaurant. Pursuant to the agreement, Very Nice was entitled to one month rent free period for January 2003 and was required to pay a monthly rental of HK\$90,000 from 1st February, 2003 to 31st December, 2003.

董事於合約之權益

二零零零年四月十一日，本公司之全資附屬公司合二有限公司（「合二」）以租客身份，與業主天維投資有限公司（「天維」）就租用一物業經營快餐廳簽訂租賃合約。天維由羅碧靈女士、陳裕光先生之關連人士及一間由羅開光先生之家族成員完全實益擁有之Ardley Enterprises Limited所控制。按照租賃合約，合二須由二零零零年四月十二日起至二零零三年四月十一日止繳交月租港幣170,000元。

一九九九年十二月二十三日，本公司兩間間接持有之全資附屬公司，即音音飲食有限公司（「音音」）及好樂意飲食有限公司（「好樂意」）分別以租客身份，與業主LBK Trustee Holding Corporation（由二零零二年十一月十五日起改名為「LBK Holding Corporation」）（「LBK」）簽訂一份租賃合約，繼續租用位於通菜街77號及太子道西108號之物業經營快餐廳。本公司非執行董事羅開親先生之家族成員完全實益擁有LBK。羅開親先生及其關連人士乃LBK之董事。羅開親先生亦為音音之董事。按照租賃合約，音音及好樂意須由二零零零年一月一日起至二零零二年十二月三十一日止分別繳交月租港幣61,000元及港幣110,000元。

二零零三年三月三十一日，好樂意以租客身份與業主LBK簽訂一份租賃合約，繼續租用位於太子道西108號之物業經營快餐廳。按照租賃合約，好樂意於二零零三年一月份享有一個月免租期，其後由二零零三年二月一日起至二零零三年十二月三十一日止須繳交月租港幣90,000元。

DIRECTORS' INTERESTS IN CONTRACTS (Cont'd)

Except as disclosed above and in "Connected transaction" section below, no contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its holding company 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.

None of the directors have interests in a competing business.

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

As at 31st March, 2003, interest of directors of the Company in the shares and options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

(a) Ordinary shares of HK\$0.10 each of the Company:

		Personal 個人	Family 家族	Corporate 公司	Other 其他
Mr. Chan Yue Kwong, Michael	陳裕光先生	3,121,407	1,189,400	—	(a)
Mr. Lo Hoi Kwong, Sunny	羅開光先生	3,120,000	—	—	(a) & (b)
Ms. Lo Pik Ling, Anita	羅碧靈女士	10,606,339	—	—	(a)
Mr. Lo Tak Shing, Peter	羅德承先生	—	—	—	(c)
Mr. Lo Tang Seong, Victor	羅騰祥先生	—	—	—	—
Mr. Lo Hoi Chun	羅開親先生	132,000	—	—	(d) & (e)
Ms. Leung Sau Lai, Kathy	梁秀麗女士	3,107,000	—	—	—
Mr. Hui Tung Wah, Samuel	許棟華先生	25,837	—	—	—
Mr. Choi Ngai Min, Michael	蔡涯棉先生	—	—	—	—
Mr. Li Kwok Sing, Aubrey	李國星先生	55,000	—	—	—

董事於合約之權益 (續)

除上述披露及以下「關連交易」一項內載列外，於是年度終結日或是年度內任何時間，本公司董事概無與本公司、附屬公司、關聯附屬公司或其控股公司訂立與本集團業務有重大關係而本公司董事有直接或間接重大權益之其他合約。

本公司各董事並無擁有任何與本集團業務構成競爭之業務權益。

董事擁有之股份及認股特權

於二零零三年三月三十一日，本公司按照證券(披露權益)條例(「披露權益條例」)第二十九條而設存之登記冊所記錄或據本公司接獲之通知，各董事在本公司及其聯繫公司(按披露權益條例之定義)之股份及認股特權之權益如下：

(a) 本公司每股面值港幣0.10元之普通股：

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Cont'd)

Notes:

- (a) 51,120,000 shares were held under a family trust of which the beneficiaries included associates of Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny and his associates, Ms. Lo Pik Ling, Anita and her associates.
- (b) 37,383,394 shares were held under a family trust of which associates of Mr. Lo Hoi Kwong, Sunny were the beneficiaries.
- (c) 87,626,213 shares were held under a family trust of which Mr. Lo Tak Shing, Peter and his associates were the beneficiaries.
- (d) 31,911,701 shares were held under a family trust of which Mr. Lo Hoi Chun and his associates were the beneficiaries.
- (e) 35,969,133 shares were held under a family trust of which associates of Mr. Lo Hoi Chun were the beneficiaries.

Other than certain nominee shares in subsidiaries held by directors in trust for the Company or the intermediate holding companies of subsidiaries, no directors held any interest in the share capital of the Company's subsidiaries.

(b) Share options of the Company:

Details of the interests of the directors of the Company in respect of share options granted under the Company's share option schemes are set out in the "Share options" section above.

董事擁有之股份及認股特權 (續)

附註：

- (a) 陳裕光先生之關連人士、羅開光先生與其關連人士、羅碧靈女士與其關連人士為一家族信託公司之受益人，此家族信託公司持有本公司51,120,000股股份。
- (b) 羅開光先生之關連人士為一家族信託公司之受益人，此家族信託公司持有本公司37,383,394股股份。
- (c) 羅德承先生與其關連人士為一家族信託公司之受益人，此家族信託公司持有本公司87,626,213股股份。
- (d) 羅開親先生與其關連人士為一家族信託公司之受益人，此家族信託公司持有本公司31,911,701股股份。
- (e) 羅開親先生之關連人士為一家族信託公司之受益人，此家族信託公司持有本公司35,969,133股股份。

本公司董事除以公司代理人名義代表本公司或其間接控股公司持有部份附屬公司股份外，並無其他附屬公司股本之權益。

(b) 本公司認股特權：

所有關於本公司各董事根據本公司特權認股計劃獲授予認股特權之權益已於上述「認股特權」一項內詳細列出。

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Cont'd)

Save as otherwise disclosed in this report, at no time during the year, the directors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations within the meaning of the SDI Ordinance.

Save as otherwise disclosed in this report, at no time during the year was the Company or its fellow subsidiaries a party to any arrangement 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.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the SDI Ordinance shows that as at 31st March, 2003, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital:

	Number of shares held in the Company 佔本公司之股份數目	Percentage of holding 股權百分率
Wandels Investment Limited (a)	87,626,213	16.42%
GZ Trust Corporation (b)	119,000,834	22.30%
(a) It held the shares for the family trust disclosed in Note (c) under "Directors' interests in shares and share options" section (with Barclays Private Bank & Trust Limited, the trustee of the said family trust, holding the entire share capital of Wandels Investment Limited).	(a)	Wandels Investment Limited 所持有之股份乃上述「董事擁有之股份及認股特權」一項內附註(c)之家族信託公司所擁有 (Barclays Private Bank & Trust Limited 乃該家族信託公司之受託人, 擁有 Wandels Investment Limited 之所有股份)。
(b) It held the shares for the family trusts disclosed in Notes (a), (d) and (e) under "Directors' interests in shares and share options" section.	(b)	GZ Trust Corporation 所持有之股份乃上述「董事擁有之股份及認股特權」一項內附註(a)、(d)及(e)之家族信託公司所擁有。

董事擁有之股份及認股特權 (續)

除於本報告書另有披露外, 本年度內各董事 (包括彼等之配偶及十八歲以下之子女) 並無擁有、獲授予或行使任何可認購本公司及其聯繫公司 (定義見披露權益條例) 之股份 (或認股權證或債券 (如適用)) 之權利。

除於本報告書另有披露外, 本公司或其關聯附屬公司概無參與任何協定, 使本公司董事可藉收購本公司或任何其他法人團體之股份或債券而取得利益。

主要股東

根據披露權益條例第十六(一)條而設存之登記冊, 截至二零零三年三月三十一日, 本公司獲告知下列主要股東之權益, 佔本公司已發行股本百分之十或以上:

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Save as disclosed above, the Company has no notice of any interests to be recorded under Section 16(1) of the SDI Ordinance as at 31st March, 2003.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2003, the percentage of sales or purchases attributable to the Group's five largest customers or suppliers was less than 30%.

CONNECTED TRANSACTION

Pursuant to a sale and purchase agreement dated 31st March, 2003, Barson Development Limited, an indirectly wholly-owned subsidiary of the Company, agreed to sell, and Eternal Reality Limited, a company controlled by Mr. Lo Hoi Chun, a non-executive director of the Company, and his associates, agreed to purchase, a property located on Ground Floor, 75 Tung Choi Street, Kowloon, Hong Kong for a consideration of HK\$6,800,000, payable at the time of the completion of the transaction.

Eternal Reality Limited, a company controlled by Mr. Lo Hoi Chun, was a connected person within the meaning of the Listing Rules to the Company. Accordingly, the disposal of the property (the "Disposal") constituted a connected transaction. Details of the transaction was announced on 31st March, 2003.

主要股東 (續)

除上述披露外，於二零零三年三月三十一日，本公司並未知悉任何根據披露權益條例第十六(一)條須予記錄之權益。

管理合約

本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何合約。

主要顧客及供應商

截至二零零三年三月三十一日止之年度，本集團主要五大顧客或五大供應商佔是年度本集團之營業額或採購額分別少於百分之三十。

關連交易

根據二零零三年三月三十一日之買賣協議，本公司一間間接持有之全資附屬公司，霸新發展有限公司，以港幣6,800,000元出售位於香港九龍通業街75號地下之物業予恆愉有限公司。本公司非執行董事羅開親先生與其關連人士擁有恆愉有限公司之控制權。交易金額須於交易完成日繳付。

恆愉有限公司為羅開親先生所控制之公司，根據上市規則的定義，恆愉有限公司為本公司之關連人士。為此，出售該物業（「該物業出售」）構成關連交易。有關該買賣協議之詳情已於二零零三年三月三十一日之公佈披露。

CONNECTED TRANSACTION (Cont'd)

The consideration was agreed by the parties after arm's length negotiations and was determined with reference to the current market prices and the valuation performed by an independent valuer, Colliers International. The directors, including the independent non-executive directors, considered that the terms of the Disposal were fair and reasonable and the Disposal was under normal commercial terms so far as the shareholders of the Company were concerned and was in the best interest of the Company and its shareholders as a whole.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the SEHK throughout the year ended 31st March, 2003.

AUDIT COMMITTEE

In April 1999, the Company established an audit committee consisting of two independent non-executive directors of the Company, Mr. Choi Ngai Min, Michael and Mr. Li Kwok Sing, Aubrey, with written terms of reference which deal clearly with its authority and duties. Amongst the committee's principal duties is to review and supervise the Company's financial reporting process and internal controls.

AUDITORS

Arthur Andersen & Co acted as auditors of the Company up to and including the year ended 31st March, 2001. Arthur Andersen & Co resigned on 24th June, 2002 and the directors appointed PricewaterhouseCoopers to fill the casual vacancy. PricewaterhouseCoopers audited the accounts for the year ended 31st March, 2002.

關連交易 (續)

該物業出售之成交價是買賣雙方在公平原則商討下及按現行市值及獨立物業估值師 Colliers International 評估而釐定。董事局 (包括獨立非執行董事) 認為該物業出售之條款對本公司股東而言是公平和合理的，並認為該物業出售是按一般商務條款進行，有利於本公司及其股東。

遵守上市規則最佳應用守則

董事局認為本公司截至二零零三年三月三十一日止年度內一直遵守聯交所上市規則附錄十四所載之最佳應用守則。

審核委員會

本公司於一九九九年四月成立審核委員會，該委員會之成員包括本公司兩位獨立非執行董事蔡涯棉先生及李國星先生，並以書面列明其職權範圍。其主要職責為檢討及監察本公司之財務匯報程序及內部監控制度。

核數師

直至二零零一年三月三十一日止之年度，本公司之核數師為安達信公司。安達信公司已於二零零二年六月二十四日辭任，董事局委任羅兵咸永道會計師事務所填補其空缺。羅兵咸永道會計師事務所已審核截止二零零二年三月三十一日止年度之賬目。

AUDITORS (Cont'd)

The accounts for the year ended 31st March, 2003 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors,

CHAN YUE KWONG, MICHAEL

Chairman

Hong Kong, 8th July, 2003

核數師 (續)

截至二零零三年三月三十一日止年度之賬目，經已由羅兵咸永道會計師事務所審核，該核數師任滿告退，並提請續聘。

承董事局命

陳裕光

主席

香港，二零零三年七月八日