

The Board of Directors (the "Board") present their report and the audited financial statements of Millennium Sense Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2003.

#### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The activities of its principal subsidiaries and a jointly controlled entity are set out in notes 16 and 17 respectively to the financial statements.

#### **SEGMENTAL INFORMATION**

The sole principal activity of the Group is the design, manufacture and sale of cigarette lighters and lighter-related accessories. An analysis of the Group's turnover and contribution to results by geographical area of the market for the year ended 30 June 2003 is set out in note 5 to the financial statements.

#### **RESULTS AND DIVIDENDS**

The results of the Group for the year ended 30 June 2003 are set out in the consolidated income statement on page 25.

The Board do not recommend the payment of a dividend for the year.

#### **PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTIES**

Details of movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 13 and 14 respectively to the financial statements.

#### **SHARE CAPITAL**

Details of movements during the year in the share capital of the Company are set out in note 24 to the financial statements.

#### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

董事會（「董事會」）謹提呈千禧智慧控股有限公司（「本公司」）及其附屬公司（以下合稱「本集團」）截至二零零三年六月三十日止年度之董事會報告書及經審核財務報表。

#### **主要業務**

本公司為一間投資控股公司。主要附屬公司及聯合控制企業之業務詳情刊載於財務報表附註16及17。

#### **分類資料**

本集團之唯一主要業務為設計、製造及銷售香煙打火機及與打火機相關之配件。本集團截至二零零三年六月三十日止年度按市場地區劃分之營業額及業務貢獻之分析載於財務報表附註5。

#### **業績及股息**

本集團截至二零零三年六月三十日止年度之業績載列於第25頁之綜合損益表。

董事會建議不派發任何本年度之股息。

#### **物業、廠房及設備及投資物業**

於本年度內本集團之物業、廠房及設備以及投資物業變動詳情分別載於財務報表附註13及14。

#### **股本**

本公司之股本於年內之變動詳情載於財務報表附註24。

#### **優先購股權**

根據本公司之公司細則或百慕達法例概無規定本公司必須向現有股東按其持股比例發售新股之優先購股權條款。

**PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

**MAJOR CUSTOMERS AND SUPPLIERS**

The aggregate sales attributable to the largest customer and the five largest customers of the Group accounted for approximately 30% and 68%, respectively, of the total turnover of the Group for the year.

The aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 45% and 84% respectively, of the total purchases of the Group for the year.

At no time during the year did a director, an associate of a director within the meaning of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or a shareholder of the Company, which to the knowledge of the directors owns more than 5% of the issued share capital of the Company, have any interest in any of the five largest customers or suppliers of the Group.

**SUMMARY OF FINANCIAL INFORMATION**

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 64.

**RESERVES**

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and the consolidated statement of changes on equity on page 28 respectively.

**DISTRIBUTABLE RESERVES**

At 30 June 2003, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK\$54,689,000 (2002: HK\$55,862,000). In addition, the Company's share premium account, in the amount of HK\$6,459,000 (2002: HK\$6,459,000) may be distributed in the form of fully paid bonus shares.

**購買、出售或贖回本公司上市證券**

於本年度內，本公司或其任何附屬公司概無購買、出售或贖回任何本公司上市股份。

**主要客戶及供應商**

本集團最大客戶及五大客戶之總銷售額分別佔年內總營業額約30%及68%。

本集團最大供應商及五大供應商之總採購額分別佔年內總採購額約45%及84%。

本公司各董事、彼等之聯繫人士（定義見香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」））或任何股東（根據董事所知擁有本公司已發行股本5%以上者）概無於年內任何時間於本集團五大客戶或五大供應商擁有任何權益。

**財務資料摘要**

本集團於過往五個財政年度之業績、資產及負債摘要載於第64頁。

**儲備**

本公司及本集團於年內之儲備變動，分別詳列於財務報表附註26及第28頁之綜合權益變動表。

**可分派儲備**

根據百慕達一九八一年公司法（經修定）之規定計算，於二零零三年六月三十日，本公司可供分派儲備為港幣54,689,000元（二零零二年：港幣55,862,000元）。此外，本公司亦可以繳足紅股方式分派股份溢價賬之港幣6,459,000元（二零零二年：港幣6,459,000元）。

**DIRECTORS**

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

**Executive directors**

Sher Tak Chi  
Kang Hsiao Fang  
Sher Kam Hong  
Sher Ching Yee

**Independent non-executive directors**

Lo Hang Fong  
Leung Hoi Yin

In accordance with clause 87 of the Company's bye-laws, Mr. Leung Hoi Yin will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

The independent non-executive directors do not have specific terms of appointment but are subject to retirement on the same basis as the executive directors as required by the Company's Bye-laws.

**董事**

於本年度內及截至本報告日期，本公司之董事如下：

**執行董事**

余德志  
康曉芳  
余金康  
余靜怡

**獨立非執行董事**

勞恆晃  
梁凱賢

根據本公司之公司細則第87條，梁凱賢先生將於即將舉行之股東週年大會上依章退任，惟願意膺選連任。

獨立非執行董事的任期並無規定限制，但其退任安排與公司細則所規定執行董事之退任安排相同。

**DIRECTORS' INTERESTS IN SHARES**

As at 30 June 2003, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

**董事之股份權益**

於二零零三年六月三十日，本公司董事及行政總裁於本公司及其聯營公司（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、有關股份及債券擁有須根據證券及期貨條例第XV部第7及8分部通知本公司及聯交所之權益或淡倉（包括本公司董事及行政總裁根據證券及期貨條例條文被視為或當作擁有之權益及淡倉），或須根據證券及期貨條例第352條存置之登記冊將予記錄或已記錄之權益或淡倉，或根據上市規則上市公司董事進行證券交易的標準守則（「標準守則」）而須通知本公司及聯交所之權益或淡倉如下：

**Long position in the shares of the Company**

**本公司股份之好倉**

<b>Name of directors</b> <b>董事名稱</b>	<b>Capacity</b> <b>身份</b>	<b>Nature of Interests</b> <b>權益性質</b>	<b>Number of Shares Held</b> <b>持有股份數目</b>	<b>Approximate % of shareholding</b> <b>概約持股百分比</b>
Sher Tak Chi 余德志	Beneficiary of trusts 信託受益人	Other interest 其他權益	100,000,000 (Note) (附註)	66.6
Kang Hsiao Fang 康曉芳	Beneficiary of trusts 信託受益人	Other interest 其他權益	100,000,000 (Note) (附註)	66.6
Sher Ching Yee 余靜怡	Beneficiary of trusts 信託受益人	Other interest 其他權益	100,000,000 (Note) (附註)	66.6

Note: The 100,000,000 shares are held by Four Guard Int'l Limited, which is owned by three unit trusts. Sher Kam Hong is the settlor of each of the unit trusts and discretionary trusts. Such unit trusts are respectively held by three discretionary trusts, the beneficiaries of which are Kang Hsiao Fang, Sher Ching Yee and the family members of Sher Tak Chi.

附註：該100,000,000股股份由Four Guard Int'l Limited持有，而Four Guard Int'l Limited由三家單位信託擁有。余金康乃各單位信託及全權信託之創立人。該等單位信託分別由三家全權信託持有，全權信託受益人為康曉芳、余靜怡及余德志之家族成員。

**DIRECTORS' INTERESTS IN SHARES** (continued)

**Long position in the shares of the Company** (continued)

Save as disclosed above, as at 30 June 2003, none of the directors and chief executive of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

In addition to the above, a director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with minimum company membership requirements.

**SUBSTANTIAL SHAREHOLDERS**

So far as is known to any directors or chief executive of the Company, as at 30 June 2003, other than the interests and short positions of the directors or chief executive of the Company as disclosed in above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

**Long positions in the shares of the Company**

Name 名稱	Note 附註	Capacity 身份	Nature of interest 權益性質	Number of shares held 持有股份數目	Approximate % of shareholding 概約持股百分比
Four Guard Int'l Limited	1	Beneficial Owner 實益擁有人	Corporate 公司	100,000,000	66.6

*Note 1:* The 100,000,000 shares are held by Four Guard Int'l Limited, which is owned by three unit trusts. Sher Kam Hong is the settlor of each of the unit trusts and discretionary trusts. Such unit trusts are respectively held by three discretionary trusts, the beneficiaries of which are Kang Hsiao Fang, Sher Ching Yee and the family members of Sher Tak Chi.

**董事之股份權益** (續)

**本公司股份之好倉** (續)

除上文所披露者外，於二零零三年六月三十日，本公司董事及行政總裁及彼等各自之聯繫人概無於本公司或其任何聯營公司（定義見證券及期貨條例第XV部）之股份、有關股份及債券擁有任何須根據證券及期貨條例第XV部第7及8分部通知本公司及聯交所之權益或淡倉（包括其根據證券及期貨條例條文被視為或當作擁有之權益及淡倉），或任何須根據證券及期貨條例第352條存置之登記冊記錄之權益或淡倉，或任何根據上市規則標準守則而須通知本公司及聯交所之權益或淡倉。

此外，一位董事於本公司若干附屬公司持有非實益個人權益，是項權益純為代表本公司持有，目的是遵守最低公司會員之要求。

**主要股東**

就本公司各董事或行政總裁所知，於二零零三年六月三十日，除上文所披露之本公司董事或行政總裁之權益及淡倉外，以下人士於本公司之股份或相關股份擁有須根據證券及期貨條例第XV部第2及第3分部規定向本公司披露，或根據證券及期貨條例第336條規定本公司須存置之登記冊所記錄之權益或淡倉：

**本公司股份之好倉**

*附註1:* 該100,000,000股股份由Four Guard Int'l Limited持有，而Four Guard Int'l Limited由三家單位信託擁有。余金康乃各單位信託及全權信託之創立人。該等單位信託分別由三家全權信託持有，全權信託受益人為康曉芳、余靜怡及余德志之家族成員。

### **SHARE OPTION SCHEME**

The Company has adopted share option schemes on 13 June 2000 (the "2000 scheme") and 28 November 2002 (the "2002 scheme") for which the details are set out in note 25 to the financial statements. At 30 June 2003, no share options have been granted under both schemes.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contract of significance, to which the Company, or 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.

### **DIRECTORS' SERVICE CONTRACTS**

Each of the executive directors has entered into a service contract with the Company for an initial terms of three years commencing from 3 July 2000 and shall continue thereafter unless terminated in accordance with the terms of the service contracts.

On 26 June 2001, the service contract of Mr. Sher Tak Chi was replaced by new service contracts entered with the Group for a fixed term of 2 years commencing from 1 July 2001 and shall continue thereafter unless terminated in accordance with the terms of the service contracts.

The independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

During the year and up to the date of this report, none of the directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Listing Rules.

### **購股權計劃**

本公司已於二零零零年六月十三日及二零零二年十一月二十八日採納購股權計劃(分別為「二零零零年計劃」及「二零零二年計劃」),詳情載於財務報表附註25。於二零零三年六月三十日,概無根據該兩項計劃授出購股權。

### **董事於重大合約權益**

本公司或其任何附屬公司概無簽訂任何本公司董事直接或間接擁有重大權益而於年終或年內任何時間仍然有效之重大合約。

### **董事之服務合約**

各名執行董事均與本公司簽訂服務合約,年期由二零零零年七月三日起開始,初步為期三年,其後繼續生效,直至根據服務合約條款終止合約。

於二零零一年六月二十六日,余德志先生與本集團透過訂立新的服務合約以取代舊有服務合約。新合約於二零零一年七月一日開始,為期兩年,並將於其後繼續生效,直至根據服務合約條款予以終止為止。

獨立非執行董事並非按特定年期委任,而根據本公司之公司細則於股東週年大會上輪值告退及膺選連任。

除上文所披露者外,擬於即將舉行的股東週年大會上連任的董事概無與本公司訂立任何不可由本公司於一年內不付賠償(法定賠償除外)而終止的服務合約。

### **董事於競爭性業務之權益**

於年內及截至本報告日期,本公司並無董事被視為在直接或間接與本集團業務有競爭或可能有競爭之業務(定義見上市規則)中擁有權益。

### **CONNECTED TRANSACTIONS**

Details of the connected transactions of the Group for the year ended 30 June 2003 are set out in note 31 to the financial statements.

### **AUDIT COMMITTEE**

An audit committee (the "Committee") was established on 3 July 2000 with written terms of reference for the purpose of reviewing the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The members of the Committee are Mr. Lo Hang Fong and Mr. Leung Hoi Yin, both of whom are the independent non-executive directors of the Company.

### **CODE OF BEST PRACTICE**

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws.

### **AUDITORS**

Subsequent to the balance sheet date, Ernst & Young resigned as the auditors of the Company on 19 September 2003 and KLL Associates CPA Limited ("KLL") were then appointed as auditors to fill the causal vacancy on 14 October 2003 at the Special General Meeting. A resolution to re-appoint KLL as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

### **SHER Tak Chi**

*Chairman*

Hong Kong,  
24 October 2003

### **關連交易**

本集團截至二零零三年六月三十日止年度之關連交易詳情載於財務報表附註31。

### **審核委員會**

本公司已於二零零零年七月三日成立審核委員會（「委員會」），並以書面列明其職權範圍。委員會之職責包括審核本集團所採納之會計原則及準則，以及討論有關核數、內部監控及財政匯報等事宜。該委員會由勞恆晃先生及梁凱賢先生組成，兩人均屬本公司之獨立非執行董事。

### **最佳應用守則**

本公司於年內一直遵守上市規則附錄14所載之最佳應用守則，惟獨立非執行董事並非按特定年期委任，而根據本公司之公司細則於股東週年大會上輪值告退及膺選連任。

### **核數師**

結算日後，安永會計師事務所已於二零零三年九月十九日辭任本公司核數師，而華融會計師事務所有限公司（「華融」）亦已於當日獲委任為核數師，以於二零零三年十月十四日在股東特別大會上填補空缺。一項重新委任華融為本公司核數師之決議案將於即將舉行之股東週年大會上提呈。

承董事會命

主席

**佘德志**

香港

二零零三年十月二十四日