

Directors' Report

董事會報告

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March, 2005.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the principal subsidiaries are set out in note 37 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2005 are set out in the consolidated income statement on page 27.

The directors recommend the payment of a final dividend of HK1.5 cents per share to the shareholders amounting to approximately HK\$10,036,000.

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.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group expended in aggregate an amount of approximately HK\$46 million on property, plant and equipment which mainly comprised the acquisition of factory building in Dalian and the expansion of production lines in Shenzhen. Details of the movements of property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

董事會現提呈本公司及其附屬公司(下文統稱「本集團」)截至二零零五年三月三十一日止年度之年度報告及經審核財政報告。

主要業務

本公司為一間投資控股公司。各主要附屬公司之主要業務載於財政報告附註37。

業績及分配

本集團截至二零零五年三月三十一日止年度之業績載於第27頁之綜合收益表。

董事建議派付末期股息每股1.5港仙予股東，合共約10,036,000港元。

股本

本公司於年內之股本變動詳情載於財政報告附註24。

物業、機器及設備

年內，本集團在物業、機器及設備方面使用合共約46,000,000港元，主要包括收購大連市之工廠大廈及擴充深圳市之生產線。本集團於年內之物業、機器及設備變動詳情載於財政報告附註12。

DIRECTORS

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

Executive Directors

Pan Su Tong	
Siu Wai Yip, James	(appointed on 3rd January, 2005)
Huang Hui	(appointed on 3rd January, 2005)
Dong Zhi Qiang	(appointed on 3rd January, 2005)
Chung Kwan Yat	(resigned on 3rd January, 2005)

Independent Non-Executive Directors

Lai Chi Kin, Lawrence	
Ng Lai Man, Carmen	
Cheung Kwan Wai, Sunny	(appointed on 28th September, 2004)

Mr. Lai Chi Kin, Lawrence will retire from office at the forthcoming annual general meeting by rotation pursuant to Bye-Law 105 and, being eligible, will offer himself for re-election. Messrs., Siu Wai Yip, James, Huang Hui, Dong Zhi Qiang and Cheng Kwan Wai, Sunny will retire from office at the forthcoming annual general meeting pursuant to Bye-Law 96 and being eligible, will offer themselves for re-election.

The term of office of each director, including the independent non-executive directors, is for a period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

None of the directors has a 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.

董事

於年內及直至本報告之刊發日期止，本公司之董事芳名如下：

執行董事

潘蘇通	
蕭偉業	(於二零零五年一月三日獲委任)
黃暉	(於二零零五年一月三日獲委任)
董志強	(於二零零五年一月三日獲委任)
叢筠日	(於二零零五年一月三日辭任)

獨立非執行董事

黎志堅	
吳麗文	
鄭君威	(於二零零四年九月二十八日獲委任)

按照公司細則第105條，黎志堅先生須於應屆股東週年大會上輪值退任，惟合乎資格並願膺選連任。按照公司細則第96條，蕭偉業先生、黃暉先生、董志強先生及鄭君威先生須於應屆股東週年大會上退任，惟合乎資格並願膺選連任。

各董事（包括獨立非執行董事）之任期直至其按照本公司之公司組織章程細則規定輪值告退為止。

各董事並無與本公司或其任何附屬公司訂立任何不可由本集團於一年內免付賠償（法定賠償除外）而終止之服務合約。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31st March, 2005, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies, were as follows:

Long position

- (a) Ordinary shares of HK\$0.05 each of the Company

董事之股份及相關股份權益

於二零零五年三月三十一日，董事及彼等之聯繫人士根據本公司按證券及期貨條例（「證券及期貨條例」）第352條規定存置之股東名冊所示，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司之本公司股份及相關股份權益如下：

長倉

- (a) 本公司每股面值0.05港元之普通股

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 本公司已發行 股本之百分比
Mr. Pan Su Tong ("Mr. Pan") 潘蘇通先生 (「潘先生」)	Held by beneficial owner and controlled corporation (note) 由實益擁有人及 受控法團持有(附註)	421,974,894	63.0672%
Mr. Huang Hui 黃暉先生	Beneficial owner 實益擁有人	334,000	0.0499%

Note: 772,000 shares were held by Mr. Pan and 421,202,894 shares were held by Jade Forest Limited ("Jade Forest"). Jade Forest was 100% owned by Mr. Pan as at 31st March, 2005. Accordingly, Mr. Pan was deemed to be interested in the 421,202,894 shares held by Jade Forest.

附註：潘先生及Jade Forest Limited（「Jade Forest」）分別持有772,000股及421,202,894股股份。於二零零五年三月三十一日，Jade Forest由潘先生擁有100%權益。因此，潘先生被視為擁有由Jade Forest持有之421,202,894股股份之權益。

Save as disclosed above, at 31st March, 2005, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

除上文所披露者外，於二零零五年三月三十一日，並無董事或彼等之聯繫人士擁有本公司或其任何聯營公司之任何股份、相關股份或債券之任何權益或短倉。

(b) Share options

(b) 購股權

Name of director 董事姓名	Capacity 身份	Number of options held 所持購股權數目	Number of shares underlying 相關股份數目
Mr. Siu Wai Yip, James 蕭偉業先生	Beneficial owner 實益擁有人	1,500,000	1,500,000
Mr. Huang Hui 黃暉先生	Beneficial owner 實益擁有人	800,000	800,000
Mr. Dong Zhi Qiang 董志強先生	Beneficial owner 實益擁有人	800,000	800,000
		3,100,000	3,100,000

Save disclosed herein:

除上文所披露者外：

- None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year; and
- At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

- 年內各董事或彼等之配偶或未滿十八歲子女並無擁有可認購本公司證券之權利，亦無曾經行使任何上述權利；及
- 於年內任何時間，本公司或其任何附屬公司並無參與任何安排，導致本公司董事可藉著購入本公司或任何其他法人團體之股份或債務證券（包括債券）而獲取利益。

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) On 3rd November, 2004, the Group entered into agreements with Matsunichi International Holdings Limited ("MIHL") a company which is wholly and beneficially owned by Mr. Pan for the acquisition of the trade marks of "Matsunichi" which was satisfied as to HK\$20 million by cash and issue of 95,000,000 new ordinary shares of HK\$0.05 each to MIHL or its nominees. Details of the transactions are set out in note 13 to the financial statements.
- (b) During the year, the Group paid rental charges of HK\$444,000 to Matsunichi Properties Holdings (HK) Limited, a company in which Mr. Pan has a beneficial interest.

The independent non-executive directors confirm that the transaction has been entered into by the Company in the ordinary course of its business, on normal commercial terms or on terms no less favourable than terms available to or from independent third parties, and in accordance with the terms of the engagement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than disclosed above, 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.

董事於合約及關連交易中之權益

- (a) 於二零零四年十一月三日，本集團與潘先生全資及實益擁有之松日國際集團有限公司（「松日國際集團」）訂立協議，以收購「松日」商標，代價為現金20,000,000港元及發行95,000,000股每股面值0.05港元之新普通股予松日國際集團或其代名人。有關交易之詳情載於財政報告附註13。
- (b) 年內，本集團向潘先生擁有實益權益之松日置業（香港）有限公司支付租金開支444,000港元。

獨立非執行董事確認，本公司乃於其日常業務過程中均按一般商業條款或不遜於向獨立第三方提供或由獨立第三方提供之條款，並遵照規管該等交易而公平合理且符合本公司股東整體利益之委聘條款進行交易。

除上文所披露外，於年結或年內任何時間，本公司各董事並無在本公司或其附屬公司參與訂立之任何重大合約中直接或間接擁有重大權益。

SHARE OPTIONS

Pursuant to the share option scheme (the "Scheme") adopted on 27th August, 2002 by a resolution passed by the Company's shareholders on the same date, the directors of the Company may grant options as incentives to any participants as described in the Scheme for the shares in the Company within a period of ten years commencing from 27th August, 2002.

At 31st March, 2005, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme were 50,000,000 shares, representing 7.5% of the shares of the Company in issue at that date. Details of the Scheme are set out in note 25 to the financial statements.

The fair value of the options granted in the current year totalled approximately HK\$19,800,000. The following significant assumptions were used to derive the fair values using the Binominal option pricing mode:

1. an expected volatility of 44%;
2. annual dividend rate of 3%; and
3. the Hong Kong Exchange Fund Notes rate for the option is 4.14% and is based on the estimated expected life of 10 years.

No charge is recognised in the income statement in respect of the value of options granted in the year.

購股權

根據本公司股東於二零零二年八月二十七日通過之決議案及於同日採納之購股權計劃（「該計劃」），本公司董事可向該計劃指定之任何參與者授出購股權作為獎勵，並於二零零二年八月二十七日起計10年期間內認購本公司股份。

於二零零五年三月三十一日，根據購股權計劃授出而尚未行使之購股權可認購之股份數目為50,000,000股，相當於本公司於該日已發行股份之7.5%。有關該計劃之詳情載於財政報告附註25。

於本年度內授出之購股權之公允價值合共約19,800,000港元。於計算公允價值時所使用之二項式購股權定價模式之重大假設如下：

1. 預期波幅為44%；
2. 年度股息率為3%；及
3. 購股權之香港外匯基金債券利率4.14厘，且按照估計之預計年期10年計算。

於本年度內已授出之購股權之價值並無於收益表內確認。

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

下表列示年內本公司購股權之詳情及有關持有量之變動：

(i) Directors**(i) 董事**

Date of grant	Subscription price per share	Exercise period	Number of share options			
			Outstanding at 1st April, 2004	Granted during the year	Exercised during the year	Outstanding at 31st March, 2005
授出日期	每股認購價 HK\$ 港元 (Note 1) (附註1)	行使期	於二零零四年 四月一日 尚未行使 (Note 2) (附註2)	年內 已授出	年內 已行使	於二零零五年 三月三十一日 尚未行使
5th February, 2004 二零零四年二月五日	1.30	5th February, 2004 to 4th February, 2014 二零零四年二月五日至 二零一四年二月四日	3,100,000	-	-	3,100,000

Notes: (1) Details of options granted to the directors of the Company have been disclosed under the paragraph headed "Directors' interests in shares and underlying shares".

附註：(1) 有關授予本公司董事之購股權之詳情已於「董事之股份及相關股份權益」一段披露。

(2) The options were granted prior to Mr. Siu Wai Yip, James, Mr. Huang Hui and Mr. Dong Zhi Qiang appointed as directors of the Company on 3rd January 2005.

(2) 該等購股權乃於蕭偉業先生、黃暉先生及董志強先生在二零零五年一月三日獲委任為本公司董事前授出。

(ii) Employees

(ii) 僱員

Date of grant	Subscription price per share	Exercise period	Number of share options			
			Outstanding at 1st April, 2004	Granted during the year	Exercised during the year	Outstanding at 31st March 2005
授出日期	每股認購價 HK\$ 港元 (Note) (附註)	行使期	於二零零四年 四月一日 尚未行使	年內已授出	年內已行使	於二零零五年 三月三十一日 尚未行使
5th February, 2004 二零零四年二月五日	1.30	5th February, 2004 to 4th February, 2014 二零零四年二月五日至 二零一四年二月四日	16,900,000	-	-	16,900,000
20th April, 2004 二零零四年四月二十日	1.54	20th April, 2004 to 19th April, 2014 二零零四年四月二十日至 二零一四年四月十九日	-	8,350,000	-	8,350,000
			16,900,000	8,350,000	-	25,250,000

(iii) Other participants

(iii) 其他參與者

Date of grant	Subscription price per share	Exercise period	Number of share options			
			Outstanding at 1st April, 2004	Granted during the year	Exercised during the year	Outstanding at 31st March, 2005
授出日期	每股認購價 HK\$ 港元 (Note) (附註)	行使期	於二零零四年 四月一日 尚未行使	年內 已授出	年內 已行使	於二零零五年 三月三十一日 尚未行使
20th April, 2004 二零零四年四月二十日	1.54	20th April, 2004 to 19th April, 2014 二零零四年四月二十日至 二零一四年四月十九日	-	21,650,000	-	21,650,000

Note: The closing prices of the Company's shares immediately preceding the date of grant of 5th February, 2004 and 20th April, 2004 were HK\$1.30 and HK\$1.48, respectively.

附註：本公司股份於緊接授出日期二零零四年二月五日及二零零四年四月二十日之前之收市價分別為1.30港元及1.48港元。

The Binominal option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

二項式購股權定價模式必須引用高度主觀之假設，包括股價預期之波幅。由於所引用之主觀假設可對公允價值之估計造成重大影響。因此，董事認為，現有模式並不一定是可靠地估計購股權之公允價值之唯一方法。

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that Mr. Pan and his controlled corporation stated under the paragraph headed "Directors' interest in shares and underlying shares" are the only substantial shareholder of the Company.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st March, 2005.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2005, the aggregate amount of turnover attributable to the Group's five largest customers represented approximately 78% of the Group's total turnover for the year. The aggregate amount of turnover attributable to the Group's largest customer for the year was 26%.

For the year ended 31st March, 2005, the aggregate amount of purchase attributable to the Group's five largest suppliers represented approximately 73% of the Group's total purchase for the year. The aggregate amount of purchases attributable to the Group's largest supplier for the year was 30%.

None of the directors, their associates or any shareholder, which to the knowledge of the directors, owns more than 5% of the Company's share capital, has interests in these customers or suppliers during the year.

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

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

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements.

主要股東

於二零零五年三月三十一日，根據本公司按證券及期貨條例第336條規定存置之主要股東名冊所示，於「董事之股份及相關股份權益」一段所示之潘先生及其受控法團為本公司唯一主要之股東。

除上文所披露者外，本公司並不知悉於二零零五年三月三十一日尚有任何本公司已發行股本中之其他有關權益或短倉。

主要客戶及供應商

截至二零零五年三月三十一日止年度，本集團五大客戶合計之營業額佔本集團年內之總營業額約78%。本集團最大客戶佔本集團年內之總營業額26%。

截至二零零五年三月三十一日止年度，本集團五大供應商合計之採購額佔本集團年內之總採購額約73%。本集團最大供應商佔本集團於年內之總採購額30%。

各董事、彼等之聯繫人士或就董事所知任何擁有本公司股本5%以上之股東於年內概無擁有上述客戶或供應商之權益。

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內並無購買、出售或贖回任何本公司上市證券。

審核委員會

審核委員會已與管理層及外聘核數師檢討本集團所採納之會計原則及慣例，並討論審核及財政報告事宜，包括審閱經審核財政報告。

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2005 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

DONATIONS

During the year, the Group made donations amounting to HK\$301,000.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Pan Su Tong
DIRECTOR

20th July, 2005

公司管治

本公司截至二零零五年三月三十一日止年度內一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14內所載之最佳應用守則。

本公司已採納有關董事進行證券交易之守則，其條款與上市規則附錄10（「標準守則」）所規定之標準同等嚴謹。經向所有董事作出具體查詢後，所有董事確認，彼等均已遵守標準守則所規定之標準及本公司就董事進行證券交易而採納之守則。

本公司已收到各獨立非執行董事根據上市規則第3.13條發出之年度獨立性確認書。本公司認為所有獨立非執行董事均具有獨立性。

捐款

年內，本集團之捐款合共301,000港元。

核數師

一項重新委任德勤•關黃陳方會計師行為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

潘蘇通
董事

二零零五年七月二十日