

Report of the Directors

The directors submit herewith their annual report together with the audited accounts for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 13 on the accounts.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 3 on the accounts.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales attributable to the major customers during the financial year is as follows:

	Percentage of the Group's total sales
The largest customer	23%
Five largest customers in aggregate	54%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers.

Purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the value of the Group's total purchases for the year.

ACCOUNTS

The profit of the Group for the year ended 31 March 2001 and the state of the Company's and the Group's affairs as at that date are set out in the accounts on pages 35 to 102.

An interim dividend of 1 cent (2000: \$Nil) per share was paid on 16 January 2001. The directors now recommend the payment of a final dividend of 1.2 cents (2000: 8.6 cents) per share in respect of the year ended 31 March 2001.

CHARITABLE DONATIONS

No donations were made by the Group during the year (2000: HK\$10,000).

董事會謹將截至二零零一年三月三十一日止年度的年報及經審核賬項呈覽。

主要業務

本公司的主要業務為投資控股，而其附屬公司的主要業務則詳載於賬項附註13內。

本集團及其附屬公司於本財政年度按主要業務及經營地區劃分的分析則詳載於賬項附註3內。

主要客戶及供應商

本財政年度，本集團與主要客戶的銷售如下：

	佔本集團 總銷售額 百分比
最大客戶	23%
五大客戶之總和	54%

在本年度任何期間各董事、彼等各自之聯繫人士或本公司任何股東（乃就董事所擁有本公司已發行股本超過5%權益之股東）並無於本集團主要客戶擁有任何權益。

本集團與五大供應商的採購額佔本集團本年度之採購總額少於30%。

賬項

本集團截至二零零一年三月三十一日的溢利和本公司及本集團於該日的財政狀況，載於第35至第102頁的賬項內。

中期股息每股普通股港幣1仙（二零零零年：無）已於二零零一年一月十六日派發。董事會建議就二零零一年三月三十一日止年度派發股息，每股普通股港幣1.2仙（二零零零年：港幣8.6仙）。

捐款

本集團於本年度並無捐款（二零零零年：港幣10,000元）。

Report of the Directors

FIXED ASSETS

Movements in fixed assets during the year are set out in note 12 on the accounts.

DIRECTORS

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

Executive directors

Mr Tsang Chi Hung
Mr Liu Hoo Kuen
Ms Kwan Yau Choi
Ms Fung Sau Mui
Mr Tai Wing Wah
Mr Wong Kam Hong
Mr Richard Warren Herbst

Independent non-executive directors

Mr Chu Kwok Man
Mr Lau Chi Hing, Steven

In accordance with Bye-Law 87, Ms Fung Sau Mui and Mr Tai Wing Wah retire from the board by rotation and, being eligible, offer themselves for re-election. Brief biographical details of the directors of the Company are set out on pages 15 to 18 of this annual report.

Directors' service contracts

Each of the executive directors, Mr Tsang Chi Hung, Mr Liu Hoo Kuen, Ms Kwan Yau Choi, Ms Fung Sau Mui, Mr Tai Wing Wah, Mr Wong Kam Hong and Mr Richard Warren Herbst, has entered into a service contract with the Company for an initial term of 3 years commencing from 1 February 2000. Each service contract will continue thereafter unless terminated by either party thereto giving to the other at least three months' notice in writing.

Both of the independent non-executive directors, Mr Chu Kwok Man and Mr Lau Chi Hing, Steven, have entered into service contracts with the Company for a term of 2 years commencing on 1 February 2000.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

固定資產

本集團及本公司於本年度的固定資產變動詳載於賬項附註12內。

董事

本財政年度及截至本報告書日的董事如下：

執行董事

曾志雄先生
廖浩權先生
關有彩女士
馮秀梅女士
戴永華先生
黃錦康先生
Richard Warren Herbst先生

獨立非執行董事

朱國民先生
劉志興先生

按照本公司章程第87條所規定，馮秀梅女士及戴永華先生輪值退任。彼等均符合資格膺選連任，有關各董事之履歷詳載於本年報第15至第18頁內。

董事之服務合約

各執行董事，包括曾志雄先生，廖浩權先生，關有彩女士，馮秀梅女士，戴永華先生，黃錦康先生，Richard Warren Herbst先生，已與本公司簽訂服務合約，由二零零零年二月一日起生效，服務合約期將為三年。除非其中一方給予另一方最少三個月書面通知終止協議為止，否則各服務合約將繼續生效。

兩位獨立非執行董事包括朱國民先生及劉志興先生，已與本公司簽訂服務合約，由二零零零年二月一日起生效，合約期將為兩年。

所有被建議在應屆股東週年大會中連任之董事概無與本公司或其任何附屬公司訂立不得在一年內被集團終止而無需作出賠償(法定賠償除外)之服務合約。

Report of the Directors

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2001, the beneficial interests of the directors in the issued share capital of the Company and its associated corporations as recorded in the register required to be kept under section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

(a) Interests in the Company's shares

Name of director	Number of shares of HK\$0.10 each		
	Personal interests	Family interests	Corporate interests
Mr Tsang Chi Hung	9,920,827	9,920,827 (note 2)	112,511,670 (note 1)
Mr Liu Hoo Kuen	8,707,481	—	—
Ms Kwan Yau Choi	9,920,827	9,920,827 (note 3)	112,511,670 (note 1)
Ms Fung Sau Mui	750,000	—	—
Mr Tai Wing Wah	750,000	—	—
Mr Wong Kam Hong	589,995	—	—
Mr Richard Warren Herbst	589,995	—	—

Notes:

1. Mr Tsang Chi Hung and Ms Kwan Yau Choi are substantial shareholders of Peasedow Enterprises Limited which beneficially held 112,511,670 shares of the Company.
2. These shares are held in the name of Ms Kwan Yau Choi, the wife of Mr Tsang Chi Hung and Mr Tsang Chi Hung is deemed to be interested in those shares as family interests.
3. These shares are held in the name of Mr Tsang Chi Hung, the husband of Ms Kwan Yau Choi and Ms Kwan Yau Choi is deemed to be interested in those shares as family interests.

董事權益

於二零零一年三月三十一日，根據本公司依照《證券(披露權益)條例》(「披露權益條例」)第29條編存的登記冊所載，各董事所佔本公司股本的實益權益如下：

(a) 公司股份的權益

董事姓名	每股面值港幣0.10元的普通股		
	個人權益	家族權益	公司權益
曾志雄先生	9,920,827	9,920,827 (附註2)	112,511,670 (附註1)
廖浩權先生	8,707,481	—	—
關有彩女士	9,920,827	9,920,827 (附註3)	112,511,670 (附註1)
馮秀梅女士	750,000	—	—
戴永華先生	750,000	—	—
黃錦康先生	589,995	—	—
Richard Warren Herbst 先生	589,995	—	—

附註：

1. 曾志雄先生，關有彩女士均為Peasedow Enterprises Limited(「Peasedow」)之主要股東，而Peasedow則持有本公司之112,511,670股份。
2. 該等股份以曾志雄先生之妻子關有彩女士名義持有，而曾志雄先生則被視以家族權益擁有該等股份。
3. 該等股份以關有彩女士之丈夫曾志雄先生名義持有，而關有彩女士則被視以家族權益擁有該等股份。

Report of the Directors

(b) Personal interests in shares of Decca Limited

	Non-voting deferred shares of HK\$100 each
Mr Tsang Chi Hung	48,650
Mr Liu Hoo Kuen	42,700
Ms Kwan Yau Choi	48,650

In addition, Mr Tsang Chi Hung and Mr Liu Hoo Kuen hold one share each in certain subsidiaries of the Company on trust for the benefit of the Group.

Apart from the above, none of the directors held office at 31 March 2001 had any beneficial or non-beneficial personal, family, corporate or other interests in the issued share capital of the Company and its associated corporations (within the meaning of the SDI Ordinance) at that date.

ARRANGEMENT TO PURCHASE SHARES

Details of the Share Option Scheme are set out in note 22 on the accounts. No options were granted since the adoption of the Scheme.

Apart from the above, at no time during the year or up to the date of this report was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company, or any other body corporate.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company has been notified of the following interests in the Company's issued shares at 31 March 2001 amounting to 10 per cent or more of the shares in issue:

	Number of Shares held	Percentage of total issued shares
Peasedow Enterprises Limited	112,511,670	56.26

Note: The interest of Peasedow Enterprises Limited disclosed above has been included in the interests disclosed by Mr Tsang Chi Hung and Ms Kwan Yau Choi.

(b) 達藝室內工程有限公司股份的個人權益

	每股面值港幣100元 無投票權遞延股份
曾志雄先生	48,650
廖浩權先生	42,700
關有彩女士	48,650

此外，曾志雄先生及廖浩權先生各自就本集團之利益持有本公司之若干附屬公司中一股股份。

除上文所披露外，於二零零一年三月三十一日為本公司之董事並無於本公司或其任何聯繫公司（定義見披露權益條例）之股本中擁有任何利益或無利益的個人、家族、公司或其他權益。

購買股份安排

認購本公司股權之購股計劃已詳載於賬項附註22內。本公司至今並沒有授予任何購股權。

除上述外，本公司、控股公司或任何附屬公司均沒有在本年度內或截至本報告日止訂立任何安排，致使本公司董事或其聯繫人可以透過收購本公司或任何其他法人公司的股份或債券而獲益。

公司股本之主要權益

於二零零一年三月三十一日，本公司已接獲有關下列持有本公司已發行股本10%或以上權益的通知：

	所持股份數目	佔已發行股本 百份比
Peasedow Enterprises Limited	112,511,670	56.26

附註：上述以Peasedow Enterprises Limited登記之權益已包括在曾志雄先生及關有彩女士之權益披露內。

Report of the Directors

Save for disclosed above, the Company has not been notified of any interest in the share capital of the Company as at 31 March 2001 which is required to be recorded in the register as required to be kept under section 16(1) of the SDI Ordinance.

CONNECTED TRANSACTIONS

The Group has entered into two tenancy agreements (the “Agreements”) with Golden Life Investment Limited (“Golden Life”). The transactions pursuant to the Agreements constituted connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as Mr Tsang Chi Hung, Mr Liu Hoo Kuen and Ms Kwan Yau Choi, directors of the Company, are also directors and shareholders of Golden Life.

Pursuant to the Agreements, the Company leases (1) workshop nos. 1-13, 18-21 on the 2nd floor, together with the rear portion of the flat roof on the 3rd floor and 7 car parking spaces on the ground floor of Decca Industrial Centre, 21 Cheung Lee Street, Chai Wan, Hong Kong with an aggregate gross floor area of about 18,242 square feet (excluding the car park and flat roof areas) as its head office, showroom and warehouse at a monthly rental of HK\$206,245; and (2) remaining portion of lot nos. 511, 512 and 516 in Demarcation District No. 109, Kam Tin, Yuen Long, New Territories with an aggregate site area of about 28,378 square feet for warehousing at a monthly rental of HK\$20,000. The term of the Agreements is for a period of 3 years from 1 December 1999 to 30 November 2002.

During the year, the Group paid rental of HK\$2,714,940 (for the period from 1 December 1999 to 31 March 2000: HK\$904,980) to Golden Life pursuant to the Agreements.

The independent non-executive directors have reviewed the transactions pursuant to the Agreements and confirm that these transactions have been entered into:

- (i) by the Group in the usual and ordinary course of business;
- (ii) on normal commercial terms or on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned; and
- (iii) in accordance with the terms of the Agreements.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid rental of HK\$2,714,940 (2000: HK\$2,714,940) to Golden Life in respect of the Group's office premises, showrooms and warehouses. Mr Tsang Chi Hung, Mr Liu Hoo Kuen and Ms Kwan Yau Choi are directors and shareholders of Golden Life. As at 31 March 2001, the amount due to Golden Life was Nil (2000: HK\$177,635).

Apart from the above, no other contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

除上文所披露者外，於二零零一年三月三十一日本公司沒有接獲有關於本公司之股本中擁有須根據披露權益條例第16(1)條予以記錄之權益的通知。

關連交易

本集團與精威投資有限公司（「精威」）訂立兩項租賃協議（「協議」），曾志雄先生、廖浩權先生及關有彩女士各為精威之董事及股東。根據香港聯合交易所有限公司證券上市規則（「上市規則」）規定，按協議進行的交易，將構成關連交易。

根據該協議本公司租用(1)位於香港柴灣祥利街21號達藝工業中心2樓1-13及18-21號工場，連同3樓平台後半部份及地下7個車位，總樓面面積約18,242平方呎（不包括停車場及天台範圍）作為其總辦事處、貨倉及陳列室，月租為港幣206,245元；及(2)位於新界錦田丈量約份第109號511、512及516號地段之餘下部份，總佔地面積約為28,378平方呎作為貨倉，月租為港幣20,000元。該協議為期三年，由一九九九年十二月一日至二零零二年十一月三十日為止。

本集團於本年度內支付給精威之租金金額為港幣2,714,940元（由一九九九年十二月一日至二零零零年三月三十一日：港幣904,980元）。

獨立非執行董事已對該項就協議而進行之交易作出審查及確認如下：

- (i) 該等交易乃根據本集團之一般日常業務所進行；
- (ii) 該等交易乃根據一般商務條款或對本公司之獨立股東而言屬公平合理之條款而進行；及
- (iii) 該等交易乃根據協議之條款而進行。

董事之合約權益

本年度本集團為旗下之辦公室，陳列室及貨倉所支付港幣2,714,940元（二零零零年：港幣2,714,940元）租金予精威，曾志雄先生、廖浩權先生及關有彩女士均為精威之董事及股東。於二零零一年三月三十一日，本集團並無欠精威款項（二零零零年：港幣177,635元）。

除上述外，董事並無於本公司、其控股公司或其任何附屬公司於本年度內訂立而對本公司業務屬重大之任何合約中擁有實際權益。

Report of the Directors

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, although there is no restriction against such rights under Bermuda Law.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group at 31 March 2001 are set out in notes 17, 18 and 20 on the accounts.

FINANCIAL SUMMARY

A summary of the Group's results for the last five financial years and of the Group's assets and liabilities at 30 September 1999, 31 March 2000 and 31 March 2001 is set out on page 9 to 10 of the annual report.

RETIREMENT SCHEME

Details of the Group's retirement scheme are set out in note 1(l) on the accounts.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules.

AUDITORS

KPMG were first appointed as auditors of the Company in 2000. They will retire at the conclusion of the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting to appoint Deloitte Touche Tohmatsu as the Company's auditors.

By order of the board
TSANG CHI HUNG

Hong Kong, 24 July 2001

購買、出售或贖回公司股份

本公司及其附屬公司於本年度均無購入、出售或贖回任何本公司的股份。

優先購買權

本公司之公司細則並無載有優先購買條文，雖然百慕達法例並不禁止此等權利。

銀行貸款及其他借貸

於二零零一年三月三十一日之銀行貸款及其他借貸資料詳載於賬項附註17、18和20內。

財務概要

本集團於過去五個財政年度之業績及於一九九九年九月三十日，二零零零年三月三十一日及二零零一年三月三十一日之資產負債概要載於本年報第9頁及第10頁內。

退休計劃

本集團退休計劃的資料詳載賬項附註1(1)內。

遵守最佳應用守則

於截至二零零一年三月三十一日止之年度內，本公司一直遵守聯合交易所上市規則附錄十四所載之最佳應用守則。

核數師

畢馬威會計師事務所於二零零零年首次獲委任為本公司核數師，彼等將於應屆股東週年大會結束時退任。關於聘任德勤•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

曾志雄

主席

香港，二零零一年七月二十四日