

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2002.

Principal Activities

The Company acts as the investment holding company.

The principal activities of the Company's subsidiaries as at 31 March 2002 are set out in note 19 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2002 are set out in the consolidated income statement on page 26.

An interim dividend of 0.10 HK cent per share amounting to approximately HK\$3,916,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of 0.08 HK cent per share to the shareholders whose names appear on the register of members at the close of business on 27 August 2002, amounting to approximately HK\$3,133,000, and the retention of the remaining profit for the year of approximately HK\$726,000.

Reserves

Details of movements during the year in the reserves of the Group and the Company are set out in note 22 to the financial statements.

董事會報告

董事會謹此提呈截至二零零二年三月三十一日止年度之年度報告及經審核財務報表。

主要業務

本公司作為其集團附屬公司之投資控股公司。

本公司之附屬公司截至二零零二年三月三十一日止的主要業務載於財務報表附註19內。

業績及撥款

本集團截至二零零二年三月三十一日止年度之業績載於第26頁綜合收益表內。

年內已向股東派發每股0.10港仙之中期股息，總額合共約3,916,000港元。董事會現建議向二零零二年八月二十七日辦公時間結束時名列本公司股東名冊上之所有股東派發末期股息每股0.08港仙，股息總額合共約3,133,000港元，並保留本年度之餘下溢利約726,000港元。

儲備

本集團及本公司於本年度之儲備變動詳情載於財務報表附註22內。

Financial Summary

A financial summary of the Group's past results, and assets and liabilities is set out on page 65.

Property, Plant and Equipment

Details of movements during the year in the property, plant and equipment of the Group are set out in note 11 to the financial statements.

Share Capital

Details of the share capital of the Company are set out in note 20 to the financial statements.

Purchase, Sale or Redemption of Listed Securities

During the year under review, the Company repurchased a total of 40,180,000 shares of HK\$0.01 each of the Company on the Stock Exchange of Hong Kong Limited, all of which were cancelled. The repurchase of the Company's shares during the year under review were effected by the Directors, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value and earnings per share of the Company. Details of the repurchased shares are as follows:

Month of repurchase	購回月份	Number of shares repurchased 購回股份數目	Price per share 每股股份價格		Aggregate price paid 已付之總代價 HK\$ 港元
			Highest 最高 HK\$ 港元	Lowest 最低 HK\$ 港元	
August 2001	二零零一年八月	14,180,000	0.037	0.030	526,947
September 2001	二零零一年九月	26,000,000	0.030	0.024	759,575

財務概要

本集團過去之業績及資產與負債之財務概要載於第65頁內。

物業、廠房及設備

本集團於本年度之物業、廠房及設備變動詳情載於財務報表附註11內。

股本

本公司之股本之詳情載於財務報表附註20內。

購入、出售或贖回上市證券

於回顧年內，本公司於香港聯合交易所有限公司購回共40,180,000股本公司之股份，每股面值0.01港元，本公司於購回股份時已註銷全部購回股份。董事會乃根據股東授權購回股份，並加強公司的資產淨值及每股盈利，使本公司股東得益，購回股份詳情如下：

Save as disclosed above, the Company did not redeem any of its listed securities during the year under review. Neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 March 2002.

Borrowings

Bank overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities as set out in note 16 to the financial statements.

No interest was capitalised by the Group during the year.

Directors

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

Executive Directors

Mr. Chu Ka Lok, Peter (*Chairman and President*)

Mr. Wat Hon Keung (*Vice-President*)

Mr. Chan Kai Kwok

Ms. Chu Maria Teresa

Independent Non-executive Directors

Mr. Chan Chi Keung, Chris

Dr. Wu Shu Chih, Alex

In accordance with Clause 87 of the Company's Bye-laws, Mr. Wat Hon Keung and Mr. Chan Chi Keung, Chris retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The other directors continue in office.

The term of office for each of the independent non-executive directors is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

除上述披露外，本公司於回顧年內並無贖回其任何上市證券。本公司或其任何附屬公司於截至二零零二年三月三十一日止年度內概無買賣本公司之上市證券。

借貸

須於一年內或因應要求而償還之銀行透支及其他借貸乃列作流動負債，並載於財務報表附註16內。

年內本集團概無將利息資本化。

董事

年內及截至本年報刊發當日，本公司之董事如下：

執行董事

朱嘉樂先生 (*主席兼總裁*)

屈漢強先生 (*副總裁*)

陳啟國先生

朱詠儀小姐

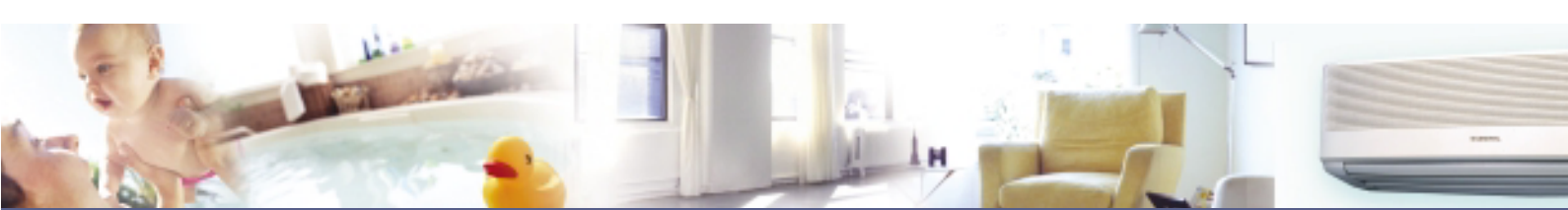
獨立非執行董事

陳志強先生

吳樹熾博士

根據本公司之公司細則第八十七條，屈漢強先生及陳志強先生應輪席告退，惟彼等願於來屆週年大會膺選連任。其他董事則會繼續留任為董事。

根據本公司之公司細則，各獨立非執行董事之任期乃根據其須輪席告退之期間為限。



Three of the executive directors, namely Messrs. Chu Ka Lok, Peter, Wat Hon Keung and Ms. Chu Maria Teresa have each entered into a service agreement with the Company for a period of three years commencing on 1 July 1997 and continuing thereafter until terminated by either party giving not less than three months' written notice to the other party.

Save as disclosed above, no other director has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Securities

At 31 March 2002, the interests of the directors and their associates in the securities of the Company and its associates as recorded in the register required to be maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

- (i) **The Company**
- (a) **Shares**

三位執行董事(朱嘉樂先生、屈漢強先生及朱詠儀小姐)均分別與本公司訂立服務協議，由一九九七年七月一日起，為期三年，任期屆滿後可延續，直至任何立約方向另一立約方作出不少於三個月書面通知終止協議為止。

除上文所披露者外，概無其他董事與本集團訂立本集團不可於一年內免付賠償(法定賠償除外)而終止之服務合約。

董事之證券權益

於二零零二年三月三十一日，各董事及彼等之聯繫人士於本公司及其聯營公司之證券中擁有根據證券(披露權益)條例(「披露權益條例」)第二十九條本公司須存置之名冊所記錄之權益如下：

- (i) 本公司
- (a) 股份

Name of director	董事姓名	Number of shares	
		Personal interests	Other interests
		私人權益	其他權益
Mr. Chu Ka Lok, Peter	朱嘉樂先生	67,340,000	2,365,200,000 (Note) (附註)
Mr. Wat Hon Keung	屈漢強先生	18,660,000	—
Mr. Chan Kai Kwok	陳啟國先生	18,710,000	—
Ms. Chu Maria Teresa	朱詠儀小姐	80,000,000	—

Note: These shares were held by Charmwood Development Limited. The entire issued share capital of Charmwood Development Limited is held by the trustee of a discretionary trust in which Mr. Chu Ka Lok, Peter is included as a beneficiary. He therefore has "other interests" in such number of shares as described in Practice Note 5 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

(b) **Options**

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 21 July 1997 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 20 July 2007. Under the Scheme, the Board of Directors of the Company may grant options to full-time employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 March 2002, the number of shares in respect of which options had been granted under the Scheme was 118,000,000, representing 3% of the issued share capital of the Company at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 25% of the number of shares issued and issuable under the Scheme.

Options granted must be taken up within 28 days of the offer date of the grant, upon payment of HK\$1 per grant. Options may be exercised at any time within 10 years from the date of grant. The exercise price is determined by the Board of Directors of the Company, and will not be less than the higher of the 80% of average closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the offer date of the grant, and the nominal value of the Company's shares.

附註： 該等股份乃由Charmwood Development Limited持有。Charmwood Development Limited之全部已發行股本是由全權信託受託人持有，而朱嘉樂先生為該全權信託之其中一位受益人。因此，根據香港聯合交易所有限公司證券上市條例應用指引第五號，朱先生擁有該等數目股份之「其他權益」。

(b) **購股權**

本公司於一九九七年七月二十一日通過決議案後採納購股權計劃（「該計劃」），旨在鼓勵董事及合資格僱員，該計劃將於二零零七年七月二十日屆滿。根據該計劃，本公司董事會可向本公司或其附屬公司之全職僱員，包括執行董事授出購股權。

於二零零二年三月三十一日，根據該計劃授出之購股權共118,000,000股，佔本公司於該日之已發行股本3%。根據該計劃准予授出之總購股權數目不得超過本公司於任何時候已發行股份之10%。根據該計劃授予各個別人士之購股權數目，不得超過在該計劃下已發行及將予發行股份之25%。

授予購股權必須於授出日期起28日內接納，並支付每授予購股權1港元。授予購股權可由授出購股權日期十年間內之任何時候行使。行使價為本公司董事會釐定之價格，並不少於股份於香港聯交所緊接授出購股權日期前5個交易日之平均收市價之80%，及每股股份之面值之較高者。

The fair value of the options granted in the current year measured as at the dates of grant on 17 April 2001 and 17 December 2001, were HK\$0.0236 and HK\$0.0198 per option respectively. The following significant assumptions were used to derive the fair values using the Black-Scholes option pricing model:

本年內授出之購股權於授出日二零零一年四月十七日及二零零一年十二月十七日計算之公平價值分別為每購股權0.0236港元及0.0198港元。於採用畢蘇購股權訂價模式計算公平價值時之主要假設如下：

		17 April 2001 二零零一年 四月十七日	17 December 2001 二零零一年 十二月十七日
Date of grant	授出日期		
Expected life of options	預期購股權有效年期	10 years 10年	10 years 10年
Expected volatility based on historical volatility of share prices	根據以往股份價格波幅而釐定之預期波幅	118%	118%
Hong Kong Exchange Fund Notes rate	香港聯交所基金票據利率	6.30%	6.32%
Expected annual dividend yield	預期每年股息率	6%	6%

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited due to lack of historical data.

因缺乏歷史性資料，於計算公平價值時，並沒有為預計將會放棄之購股權作調整。

The Black-Scholes 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.

畢蘇購股權訂價模式需要作出高度主觀之假設，包括股價波幅。因作出主觀假設而產生之改變可能會重大地影響公平價值之預測，故此董事認為現有之模式未必能提供一個可靠之單一購股權的公平價值。

已授出購股權之價值並無於期內列入損益表內。

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

The following table discloses movements in the Company's share options during the year:

下表顯示了本公司於年內之購股權變動：

	Date of grant 授出日期	Outstanding at beginning of the year 於年度開始時尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Outstanding at end of the year 於年度結束時尚未行使
Directors 董事					
Mr. Chu Ka Lok, Peter 朱嘉樂先生	17 April 2001 二零零一年四月十七日	—	90,000,000	(60,000,000)	30,000,000
Mr. Wat Hon Keung 屈漢強先生	17 December 2001 二零零一年十二月十七日	—	10,000,000	—	10,000,000
Mr. Chan Kai Kwok 陳啟國先生	17 December 2001 二零零一年十二月十七日	—	10,000,000	—	10,000,000
Ms. Chu Maria Teresa 朱詠儀小姐	17 April 2001 二零零一年四月十七日	—	60,000,000	(30,000,000)	30,000,000
	17 December 2001 二零零一年十二月十七日	—	2,000,000	—	2,000,000
Total directors 董事總數		—	172,000,000	(90,000,000)	82,000,000
Employees 僱員					
	17 December 2001 二零零一年十二月十七日	—	36,000,000	—	36,000,000
Total employees 僱員總數		—	36,000,000	—	36,000,000
Grand total 總計		—	208,000,000	(90,000,000)	118,000,000

Details of specific categories of options are as follows:

個別購股權種類之詳情如下：

Date of grant 授出日期	Exercisable period 行使期間	Exercise price 行使價 HK\$ 港元
17 April 2001 二零零一年四月十七日	17 April 2001 - 16 April 2011 二零零一年四月十七日至 二零一一年四月十六日	0.02752
17 December 2001 二零零一年十二月十七日	17 December 2001 - 16 December 2011 二零零一年十二月十七日至 二零一一年十二月十六日	0.0396

The closing prices of the Company's shares immediately before the dates of grant on 17 April 2001 and 17 December 2001 were HK\$0.046 and HK\$0.039 respectively.

本公司股份於授出購股權當日，即二零零一年四月十七日及二零零一年十二月十七日之前一天的收市價分別為0.046港元及0.039港元。

The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK\$0.0456.

本公司股份於行使購股權當日之前一天的加權平均收市價為0.0456港元。



(ii) Shares in subsidiaries

At 31 March 2002, the following director held “other interests” in the non-voting deferred shares in Alpha Appliances Limited, a 100% owned subsidiary of the Company, as follows:

Name of Director

董事姓名

Mr. Chu Ka Lok, Peter
朱嘉樂先生

**Number of non-voting
deferred shares**

無投票權遞延股份數目

50,000

(Note)

(附註)

Note: 49,999 shares were held by Charmwood Development Limited and 1 share was held by Reredos Corporation which share was in turn held in trust for Charmwood Development Limited. The entire issued share capital of Charmwood Development Limited is held by the trustee of a discretionary trust in which Mr. Chu Ka Lok, Peter is included as a beneficiary. He therefore has “other interests” in such number of non-voting deferred shares as described in Practice Note 5 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

附註: Charmwood Development Limited持有49,999股股份，而其餘1股股份則由Reredos Corporation以信託形式代Charmwood Development Limited持有。Charmwood Development Limited之全部已發行股本是由全權信託受託人持有，而朱嘉樂先生為該全權信託之其中一位受益人。因此，根據香港聯合交易所有限公司證券上市條例應用指引第五號，朱先生擁有該等數目之無投票權遞延股份之「其他權益」。

此外，多位董事以本公司代理人名義於若干附屬公司中持有非實益權益。

In addition, a number of directors held non-beneficial interests in shares in certain subsidiaries as nominees for the Group.

除上文所披露者外，各董事、主要行政人員或彼等之聯繫人士概無於本公司或其任何聯營公司(定義見披露權益條例)任何股本證券及債務證券中擁有根據披露權益條例第二十九條本公司須存置之名冊所記錄之權益。

Save as disclosed above, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or its associated corporations (as defined in the SDI Ordinance) as recorded in the register required to be kept under Section 29 of the SDI Ordinance.

Arrangements to Purchase Shares or Debentures

Apart from those share options granted to executive directors pursuant to the share option scheme of the Company as described in note 21 to the financial statements and disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Company's directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interest in Contracts of Significance

During the year, the Group acquired the entire issued share capital of Grant Return Investments Limited ("Grant Return") from Napson Trading Limited ("Napson"), a company in which Mr. Chu Ka Lok, Peter has a beneficial interest. The cash consideration was HK\$31,096,000 of which HK\$1,096,000 was paid on completion and the balance of HK\$30,000,000 is payable by 60 consecutive equal monthly instalments of HK\$500,000 each from October 2001.

During the period from 1 April 2001 to 31 August 2001 (the date of acquisition of Grant Return by the Group), the Group paid godown rentals amounting to HK\$857,500 to Grant Return. In addition, the Group paid rentals amounting to HK\$948,000 to Napson during the year. The rentals were determined with reference to prevailing market rent when the relevant rental agreements were entered into.

Other than as disclosed above, no contract of significance, to which the Company, any of its holding companies or 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.

購買股份或債券之安排

除了於財務報表附註21所列根據本公司購股權計劃所授出予執行董事之購股權及上述所披露外，本公司、其控股公司或任何附屬公司概無於年內任何時間內訂立任何安排致使本公司之董事、其配偶或18歲以下之子女透過購買本公司或任何其他法人團體之股份或債券而獲取利益。

董事於重大合約之權益

年內，本集團由朱嘉樂先生持有實益權益之Napson Trading Limited (「Napson」) 併購了宏集投資有限公司 (「宏集」) 所有已發行股本。現金代價為31,096,000港元，其中1,096,000港元已於完成時繳付，而餘數30,000,000港元將由二零零一年十月起連續60個月每月供款500,000港元歸還。

於二零零一年四月一日至二零零一年八月三十一日期間 (即本集團併購宏集之日期)，本集團繳付予宏集共857,500港元之倉庫租金。另外本集團於年內共繳付948,000港元作租金予Napson。此租金是參考簽訂有關租務協議時之市場租金而釐定。

除上文所披露外，本公司之董事概無於本公司、任何其控股公司或附屬公司於年終或年內任何時間內所訂立任何重大合約中直接或間接擁有重大權益。

The independent non-executive directors have confirmed that the above transactions have been entered into by the Group in the ordinary course of its business and in accordance with the terms of the agreements governing such transactions.

Major Customers and Suppliers

During the year, aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's turnover.

The percentage of purchases attributable to the Group's largest supplier and the five largest suppliers during the year was 91% and 98.7% respectively.

Napson is beneficially interested in 315,000 shares in Fujitsu General Limited (representing 0.29% of the issued share capital of Fujitsu General Limited), the largest supplier to the Group.

Save as disclosed above, at no time during the year did the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) have any interest in the suppliers of the Group.

Substantial Shareholders

At 31 March 2002, according to the register kept under Section 16(1) of the SDI Ordinance, the only shareholder who had an interest in 10% or more of the issued share capital of the Company was Charmwood Development Limited which held 2,365,200,000 shares of HK\$0.01 each. This interest has also been disclosed as an interest of Mr. Chu Ka Lok, Peter in the disclosure of directors' interests in securities of the Company above.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

獨立非執行董事已確認上述交易是在本集團日常業務中訂立，並遵守該等交易之協議條款進行。

主要客戶及供應商

年內，本集團售予五大客戶之銷量佔本集團營業額少於30%。

本集團之最大供應商及五大供應商分別佔本集團採購額91%及98.7%。

Napson實益持有富士通將軍公司315,000股股份(相當於富士通將軍公司已發行股本中0.29%權益)。富士通將軍為本集團最大之供應商。

除上文所披露者外，於年內任何時間，概無董事、其聯繫人士或任何股東(就董事所知，彼等持有本公司股本逾5%)於本集團供應商中持有任何權益。

主要股東

在二零零二年三月三十一日，根據披露權益條例第十六(一)條存置之名冊顯示，唯一持有本公司已發行股本中10%或以上權益之股東為Charmwood Development Limited，其持有2,365,200,000股每股0.01港元之股份。此等權益亦已於上文董事於本公司證券權益中披露為朱嘉樂先生之權益。

除上文所披露者外，根據披露權益條例第十六(一)條本公司須予存置之名冊所載，概無任何人士持有本公司股本中之權益。

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws, although there are no restrictions against such rights under the laws in Bermuda.

Compliance with Code of Best Practice

The Company has complied throughout the year ended 31 March 2002 with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Auditors

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

On behalf of the Board

Chu Ka Lok, Peter
Chairman and President

26 July 2002

優先購買權

儘管百慕達法例對優先購買權並無限制，惟本公司之公司細則並無就優先購買權作出規定。

遵守最佳應用守則

本公司於截至二零零二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之證券上市規則附錄十四。

核數師

本公司將於股東週年大會上提呈決議案重聘德勤•關黃陳方會計師行為本公司之核數師。

承董事會命

主席兼總裁
朱嘉樂

二零零二年七月二十六日