

The directors present to the shareholders the annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to the "Group") for the year ended 31 March 2003 ("Annual Report").

CHANGE OF COMPANY NAME AND ADOPTION OF CHINESE NAME

Special resolutions were passed by shareholders of the Company at the special general meetings of the Company held on 15 August 2002 and 17 March 2003 to approve the change of the name of the Company to Dong Fang Gas Holdings Limited with 東方燃氣集團有限公司 as its Chinese name adopted for identification purpose effective from 24 September 2002 and thereafter the adoption of 東方燃氣集團有限公司 as its Chinese name under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) effective from 19 March 2003 respectively.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 15 and 16 to the financial statements respectively.

RESULTS

The results of the Group for the year ended 31 March 2003 are set out in the consolidated income statement on page 31 of this Annual Report.

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

CHANGE OF SUBSTANTIAL SHAREHOLDERS BY SUBSCRIPTION AND PLACING OF NEW SHARES

Pursuant to a subscription agreement dated 4 June 2002, China Strategic Holdings Limited ("China Strategic"), a company whose shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"), subscribed 20,000,000,000 new shares in the Company at an issue price of HK\$0.01 per subscription share ("Subscription Agreement").

Pursuant to a placing agreement dated 4 June 2002, the Company placed through an independent placing agent 25,000,000,000 new shares in the Company at an issue price of HK\$0.01 per placing share ("Placing Agreement").

董事會謹此向各股東提呈本公司及其附屬公司(下文統稱「本集團」)截至二零零三年三月三十一日止年度之年報及經審核財務報表(「年報」)。

更改公司名稱及採納中文名稱

本公司股東於二零零二年八月十五日及二零零三年三月十七日舉行之本公司股東特別大會上通過特別決議案，批准將本公司之名稱更改為 Dong Fang Gas Holdings Limited，同時採納「東方燃氣集團有限公司」作為本公司以資識別之中文名稱，並批准根據香港法例第32章公司條例第XI部份採納「東方燃氣集團有限公司」作為中文名稱，有關決議案分別自二零零二年九月二十四日及二零零三年三月十九日起生效。

主要業務

本公司為一間投資控股公司，而其主要附屬公司及聯營公司之業務分別載列於財務報表附註15及16。

業績

本集團截至二零零三年三月三十一日止年度之業績載於本年報第31頁之綜合收益表。

董事並無建議派發本年度之末期股息。

透過認購及配售新股出現之主要股東變動

根據於二零零二年六月四日訂立之認購協議，中策集團有限公司(「中策」)(其股份於香港聯合交易所有限公司(「聯交所」)上市)以每股認購股份0.01港元之發行價認購本公司20,000,000,000股新股(「認購協議」)。

根據於二零零二年六月四日訂立之配售協議，本公司透過獨立配售代理以每股配售股份0.01港元之發行價配售25,000,000,000股本公司新股(「配售協議」)。

CHANGE OF SUBSTANTIAL SHAREHOLDERS BY SUBSCRIPTION AND PLACING OF NEW SHARES (cont'd)

Upon the completion of Subscription Agreement and Placing Agreement, China Strategic held approximately 43.06% interest in the Company and the interest held by the former substantial shareholder of the Company, Manful Star Group Limited, a company wholly-owned by Mr. Lo Lin Shing, Simon, who was also deemed to be interested in the shares of the Company, was diluted to less than 10% interest in the Company according to the register of substantial shareholders maintained by the Company under section 16(1) of Securities (Disclosure of Interest) ("SDI Ordinance"). Details of the substantial shareholders as at 31 March 2003 are disclosed under the heading "Substantial Shareholders" on page 23 of this Annual Report.

SHARE CONSOLIDATION

On 17 March 2003, an ordinary resolution of the Company was passed that every forty existing issued and unissued shares of HK\$0.01 each were consolidated into one consolidated share of HK\$0.40 each ("Share Consolidation"). As a result of the Share Consolidation, the number of issued shares were consolidated from 46,450,616,240 to 1,161,265,406 and the issued and fully paid up share capital is HK\$464,506,162.40.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 35 and 36 of this Annual Report and note 34 to the financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years are set out on page 96 of this Annual Report.

透過認購及配售新股出現之主要股東變動 (續)

根據本公司按照證券(披露權益)條例(「披露權益條例」)第16(1)條存置之主要股東登記冊,於認購協議及配售協議完成後,中策持有本公司約43.06%權益,而被視為擁有本公司股份權益之本公司前主要股東及由魯連城先生全資擁有公司Manful Star Group Limited所持有之本公司權益被攤薄至不足10%。因此,本公司之主要股東出現變動。於二零零三年三月三十一日之主要股東詳情在本年報第23頁「主要股東」一段披露。

股份合併

於二零零三年三月十七日,本公司通過一項普通決議案,據此,本公司將每四十股每股面值0.01港元之現有已發行及未發行股份合併為一股面值0.40港元之合併股份(「股份合併」)。經過股份合併,已發行股份之數目由46,450,616,240股合併至1,161,265,406股,已發行及繳足股本為464,506,162.40港元。

儲備

本集團及本公司於本年度內之儲備變動情況分別載於本年報第35及36頁綜合權益變動報表及財務報表附註34。

財務摘要

本集團過去五個財政年度之業績及資產及負債摘要載於本年報第96頁。

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred expenditures of approximately HK\$3,187,000 on property, plant and equipment.

The Group disposed of property, plant and equipment with an aggregate net book value of approximately HK\$18,480,000 at a total consideration of approximately HK\$22,287,000. In addition, property, plant and equipment with an aggregate net book value of approximately HK\$3,109,000 were disposed of as a result of disposal of subsidiaries.

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Pursuant to a resolution passed at a special general meeting of the Company held on 15 August 2002, the authorised capital of the Company was increased from HK\$300,000,000 to HK\$600,000,000 by the creation of an additional 30,000,000,000 ordinary shares of HK\$0.01 each.

The Company issued and allotted 20,000,000,000 and 25,000,000,000 ordinary shares of HK\$0.01 each in the Company for cash at HK\$0.01 per share under the Subscription Agreement and Placing Agreement respectively. The shares issued rank pari passu with the then existing shares in issue in all respects.

The Company issued and allotted five ordinary shares of HK\$0.01 each in the Company for cash at HK\$0.012 per share as a result of the exercise of share options.

The Company carried out a share consolidation whereby every forty ordinary shares of HK\$0.01 each in the issued and unissued share capital was consolidated into one ordinary share of HK\$0.40 each, the nominal value of the issued and unissued shares after the consolidation of shares were increased from HK\$0.01 to HK\$0.40 each. Details of these are set out in the announcement of the Company dated 22 January 2003.

Details of movements during the year in the share capital of the Company are set out in note 31 to the financial statements.

物業、廠房及設備

於本年度，本集團之物業、廠房及設備產生開支約3,187,000港元。

本集團出售總賬面淨值約為18,480,000港元之物業、廠房及設備，總代價約22,287,000港元。此外，總賬面淨值約3,109,000港元之物業、廠房及設備亦隨附屬公司出售而告出售。

本集團於本年度內之物業、廠房及設備之變動詳情載於財務報表附註14。

股本

本公司於二零零二年八月十五日舉行股東特別大會，根據會上通過之決議案，本公司增設額外30,000,000,000股每股面值0.01港元之普通股，將本公司法定股本由300,000,000港元增加至600,000,000港元。

根據認購協議及配售協議，本公司按每股0.01港元分別發行及配發20,000,000,000股及25,000,000,000股本公司每股面值0.01港元之普通股，以換取現金。該等股份與現有已發行股份在各方面均享有同等地位。

由於購股權獲行使，本公司按每股0.012港元之現金代價發行及配發每股0.01港元之五股普通股。

本公司進行股份合併，其已發行及未發行股本中，每四十股每股面值0.01港元之普通股合併為一股面值0.40港元之普通股。股份合併後已發行及未發行股份之面值由每股0.01港元增加至0.40港元。該等詳情載於本公司於二零零三年一月二十二日發表之公佈。

於本年度，本公司股本之變動詳情載於財務報表附註31。

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company has not purchased, redeemed or sold any of its listed shares and unlisted warrants or those of its subsidiaries during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were approximately 70.60% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 38.94% of the Group's total sales. The aggregate purchases attributable to the Group's five largest suppliers were approximately 40.54% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 32.40% of the Group's total purchases.

Messrs. Leung Kwok Wa, Ng Kwun Wan and Ng Tik Hong, who resigned as directors of the Company during the year, are directors of the Group's largest supplier, Yixing United Ceramics Co., Ltd. All transactions between the Group and the supplier concerned have been carried out on normal commercial terms and in the ordinary course of business of the Group.

Save as aforesaid, none of the directors, their associates or any shareholders which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any interests in the Group's five largest customers or suppliers.

DIRECTORS

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

Executive directors:

Dr. Chan Kwok Keung, Charles	(appointed on 20 September 2002)
Dr. Yap, Allan	(appointed on 20 September 2002)
Mr. Chan Kwok Hung	(appointed on 20 September 2002)
Ms. Chan Ling, Eva	(appointed on 20 September 2002 and resigned on 18 March 2003)
Mr. Leung Kwok Wa	(resigned on 23 September 2002)
Mr. Ng Kwun Wan	(resigned on 23 September 2002)
Mr. Ng Tik Hong	(resigned on 23 September 2002)
Mr. Ng Sai Hung	(resigned on 23 September 2002)

購買、贖回或出售上市證券

於本年度，本公司並無購買、贖回或出售其本身或其任何附屬公司之上市股份及非上市認股權證。

主要客戶及供應商

於本年度，本集團最大五位客戶之總銷售額約佔本集團總銷售額之70.60%，而最大客戶之銷售額則約佔本集團總銷售額之38.94%。本集團最大五位供應商之總購貨額約佔本集團總購貨額之40.54%，而本集團最大供應商之購貨額約佔本集團總購貨額之32.40%。

於本年度，本公司前董事梁國驊先生、吳冠雲先生及吳迪康先生為本集團最大供應商宜興聯合陶瓷有限公司之董事。本集團與有關供應商之交易乃按一般商業條款及本集團之日常業務運作下進行。

除上文所述者外，董事、其聯繫人士或任何股東(就董事所知，擁有本公司已發行股本5%以上之人士)概無於本集團五大客戶或供應商中擁有任何權益。

董事

本公司於本年度及截至本報告日期之董事如下：

執行董事：

陳國強博士	(於二零零二年九月二十日獲委任)
Yap, Allan博士	(於二零零二年九月二十日獲委任)
陳國鴻先生	(於二零零二年九月二十日獲委任)
陳玲女士	(於二零零二年九月二十日獲委任，並於二零零三年三月十八日辭任)
梁國驊先生	(於二零零二年九月二十三日辭任)
吳冠雲先生	(於二零零二年九月二十三日辭任)
吳迪康先生	(於二零零二年九月二十三日辭任)
吳世雄先生	(於二零零二年九月二十三日辭任)

DIRECTORS (cont'd)

Independent non-executive directors:

Mr. Ng Wai Hung
Mr. Cheung Hon Kit (resigned on 31 October 2002)
Mr. Tsang Link Carl, Brian (appointed on 31 October 2002)

Under the provisions of the Company's Bye-laws, Dr. Yap, Allan, Mr. Chan Kwok Hung and Mr. Tsang Link Carl, Brian shall retire from the board at the forthcoming annual general meeting ("Annual General Meeting") and, being eligible, offer themselves for re-election.

No director proposed for re-election at the Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2003, the interest of the directors and chief executive of the Company and their associates in the securities of the Company or any of its associated corporations within the meaning of the SDI Ordinance as recorded in the register required to be kept by the Company under section 29 of the SDI Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") was as follows:

Name of director 董事姓名	Nature of interest 權益性質	Number of shares held 所持股份數目
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Dr. Chan Kwok Keung, Charles 陳國強博士	Personal 個人	2,520,900 2,520,900
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Save as disclosed above, as at 31 March 2003, none of the Company's directors or chief executive of the Company, nor any of their associates, had any interests in the securities of the Company or any of its associated corporations within the meaning of the SDI Ordinance or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

董事 (續)

獨立非執行董事:

吳偉雄先生
張漢傑先生 (於二零零二年十月三十一日
辭任)
曾令嘉先生 (於二零零二年十月三十一日
獲委任)

根據本公司之公司細則規定，Yap, Allan博士、陳國鴻先生及曾令嘉先生於即將舉行之股東週年大會（「股東週年大會」）上，依章從董事會告退，惟彼等符合資格並願意膺選連任。

擬於股東週年大會上膺選連任之董事概無訂立本集團不可於一年內終止而毋須賠償（法定賠償除外）之服務合約。

各非執行董事之任期直至彼等依照本公司之公司細則輪值告退為止。

董事於證券之權益

於二零零三年三月三十一日，本公司董事及行政總裁或彼等之聯繫人士於本公司或其任何相聯法團（定義見披露權益條例）中持有本公司根據披露權益條例第29條須存置之登記冊所記錄之證券權益，或按上市公司董事進行證券交易標準守則（「標準守則」）須知會本公司及聯交所之證券權益如下：

Name of director 董事姓名	Nature of interest 權益性質	Number of shares held 所持股份數目
Dr. Chan Kwok Keung, Charles 陳國強博士	Personal 個人	2,520,900 2,520,900

除上文所披露者外，於二零零三年三月三十一日，本公司董事或本公司行政總裁或彼等之任何聯繫人士概無於本公司或其任何相聯法團中擁有披露權益條例所界定或按標準守則須知會本公司及聯交所之證券權益。

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Particulars of the Company's share option schemes and the movements of the share option schemes are set out in note 33 to the financial statements. No share options were outstanding as at 31 March 2003.

No options were granted to or exercised by the directors during the year and no share options were held by the directors as at 31 March 2003.

A summary of movements of share options under share option scheme adopted pursuant to a resolution passed on 13 October 1998 and became effective on 24 December 1999 ("1998 Scheme") for the year ended 31 March 2003 is as follows:

Date of grant	Exercisable period	Exercise* price HK\$	Number of share under option 購股權涉及之股份數目			
			Outstanding at 1.4.2002 於二零零二年 四月一日 尚未行使	Granted during the year 本年度授出	Exercised during the year 本年度行使	Oustanding at 31.3.2003 於二零零三年 三月三十一日 尚未行使
批授日期 14.2.2003 二零零三年 二月十四日	行使期間 14.2.2003-13.8.2003 二零零三年二月十四日至 二零零三年八月十三日	行使價* 港元 0.012	–	5	(5)	–

* As the options were granted and exercised before the share consolidation of the Company become effective, no adjustments were required to be made in the exercise price.

The closing price of the shares of the Company on 13 February 2003 immediately before the date on which the options were granted was HK\$0.01. The closing price of the shares of the Company on the date of exercise was HK\$0.01.

The directors are of the view that the value of the theoretical value of the options granted during the year depends on a number of variables which are either difficult to ascertain or can only be ascertained on a number of theoretical basis and speculative assumptions. Accordingly, the directors of the Company believed that any calculation of the value of the options will not be meaningful and may be misleading to shareholders in the circumstances.

購股權及董事認購股份或債券之權利

本公司購股權計劃及購股權計劃變動之詳情載於財務報表附註33。本公司於二零零三年三月三十一日並無任何未行使之購股權。

於本年度，董事並無批授或行使任何購股權，彼等於二零零三年三月三十一日亦無持有任何購股權。

根據一項於一九九八年十月十三日通過之決議案採納並予一九九九年十二月二十四日生效之購股權計劃（「一九九八年計劃」）項下之購股權於截至二零零三年三月三十一日止年度之變動概要如下：

Date of grant	Exercisable period	Exercise* price HK\$	Number of share under option 購股權涉及之股份數目			
			Outstanding at 1.4.2002 於二零零二年 四月一日 尚未行使	Granted during the year 本年度授出	Exercised during the year 本年度行使	Oustanding at 31.3.2003 於二零零三年 三月三十一日 尚未行使
批授日期 14.2.2003 二零零三年 二月十四日	行使期間 14.2.2003-13.8.2003 二零零三年二月十四日至 二零零三年八月十三日	行使價* 港元 0.012	–	5	(5)	–

* 由於購股權乃於本公司股份合併生效前授出及行使，故毋須對行使價作出任何調整。

本公司股份於二零零三年二月十三日緊接購股權授出日期前之收市價為0.01港元。本公司股份於行使日之收市價為0.01港元。

董事認為，本年度授出購股權之理論價值，乃取決於多項難以確定或僅可按多個理論基準及猜測性假設才可確定之變數。因此本公司董事相信，計劃購股權價值乃無意義之舉，於該等情況下對股東亦可能構成誤導。

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Interests of directors of the Company in competing businesses as at 31 March 2003 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

董事於競爭業務之權益

於二零零三年三月三十一日，本公司董事根據上市規則第8.10條規定須予披露之競爭業務權益如下：

Name of director	Name of company/ partnership/ sole proprietorship 公司／合營公司／ 獨資企業名稱	Nature of competing business	Nature of interest
董事姓名		競爭業務性質	權益性質
Dr. Chan Kwok Keung, Charles	ITC Corporation Limited and its subsidiaries	Trading of building materials	Substantial shareholder and chairman of ITC Corporation Limited
陳國強博士	德祥企業集團有限公司 及其附屬公司	買賣建築材料	德祥企業集團有限公司之 主要股東及主席
	Hanny Holdings Limited	Securities investment and trading	Chairman of Hanny Holdings Limited
	錦興集團有限公司	證券投資及買賣	錦興集團有限公司之主席
Dr. Yap, Allan	Hanny Holdings Limited	Securities investment and trading	Managing director of Hanny Holdings Limited
Yap, Allan博士	錦興集團有限公司	證券投資及買賣	錦興集團有限公司之 董事總經理
Mr. Chan Kwok Hung	ITC Corporation Limited and its subsidiaries	Trading of building materials	Executive director of ITC Corporation Limited
陳國鴻先生	德祥企業集團有限公司 及其附屬公司	買賣建築材料	德祥企業集團有限公司之 執行董事
	Hanny Holdings Limited	Securities investment and trading	Executive director of Hanny Holdings Limited
	錦興集團有限公司	證券投資及買賣	錦興集團有限公司之 執行董事

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND SERVICE CONTRACT

No contracts of significance to which the Company or any of 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.

董事於重大合約及服務合約之權益

於年底或本年度任何時間內，本公司或其任何附屬公司並無簽訂任何本公司董事於其中擁有重大權益（無論直接或間接）之重大合約。

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2003, so far as the directors or chief executive of the Company were aware and according to the register of substantial shareholders required to be kept under section 16(1) of SDI Ordinance, shareholders had an interest of 10% or more in the share capital of the Company were as follows:

Name of shareholder**股東名稱**

China Strategic Holdings Limited

中策集團有限公司

China Strategic (B.V.I.) Limited

China Strategic (B.V.I.) Limited

Great Joint Profits Limited

Great Joint Profits Limited

Note: Great Joint Profits Limited is a wholly owned subsidiary of China Strategic (B.V.I.) Limited, which is in turn a wholly owned subsidiary of China Strategic Holdings Limited. Both China Strategic (B.V.I.) Limited and China Strategic Holdings Limited are deemed to be interested in 500,000,000 shares in the Company held by Great Joint Profits Limited.

Save as disclosed above, as at 31 March 2003, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital.

主要股東

於二零零三年三月三十一日，就本公司董事或行政總裁所知及根據披露權益條例第16(1)條存置之主要股東登記冊所載，持有本公司股本10%或以上權益之股東如下：

Number of shares held**所持股份數目**

Direct Interest	Deemed Interest	Shareholding Percentage (%)
直接權益	應計權益	持股量百分比(%)

500,000,000

43.06

500,000,000

43.06

500,000,000

43.06

附註：Great Joint Profits Limited乃China Strategic (B.V.I.) Limited之全資附屬公司，而China Strategic (B.V.I.) Limited為中策集團有限公司之全資附屬公司。因此，China Strategic (B.V.I.) Limited和中策集團有限公司均被視為擁有Great Joint Profits Limited所擁有之500,000,000股本公司股份權益。

除上文披露者外，於二零零三年三月三十一日，本公司並不知悉任何其他佔本公司已發行股本10%或以上權益。

CONVERTIBLE LOAN

In 1997, an unsecured convertible loan of US\$12 million ("Loan") which is repayable on demand and carries interest at the rate of 9.8% per annum compounded annually for a term of six years was advanced by Simonson International Development Limited ("Simonson"), a wholly-owned subsidiary of ING Beijing Investment Company ("ING"), an independent third party, to Companion-China Limited, a wholly-owned subsidiary of the Company. The Loan and the accrued interest thereon, will at the option of the convertible noteholder, be convertible into fully paid ordinary shares of the Company at a conversion price calculated at 90% of the average closing price of the shares of the Company quoted on the Hong Kong Stock Exchange for the twenty trading days immediately preceding the date of notice under the terms and conditions of the convertible loan deed, details of which are set out in the circulars to the shareholders of the Company dated 13 May 1997 and 20 December 2000.

By an assignment executed on 18 February 2002, Simonson assigned to Perfect Master Limited ("PML"), a wholly-owned subsidiary of ING and an independent third party, the Loan and all related rights and interest. At the same date, the entire issued share capital of PML and the Loan were then sold to Galaxy Time Limited, a company held by New World Enterprise Holdings Limited. Details of which was set out in the announcement of the Company dated 18 February 2002.

As disclosed in the annual report of the Company for the year ended 31 March 2002 and the interim report for the six months ended 30 September 2002, the Group failed to repay certain part of the Loan, resulting in whole outstanding principal sum of US\$11.9 million repayable on demand. The conversion option to convert the Loan and the accrued interest into fully paid ordinary shares of the Company lapsed on 25 June 2003 but all other rights attaching to the Loan continue to subsist.

可換股貸款

一九九七年，一項12,000,000美元無抵押可換股貸款（「貸款」）（須於被要求時償還，並附帶年利率9.8%，每年複合計，為期六年）由Simonson International Development Limited（「Simonson」）（ING北京投資有限公司（「ING」）之全資附屬公司，並為獨立第三方）墊支於本公司之全資附屬公司友聯中國。該貸款及此後之應計利息將（由可轉換票據持有人選擇）以轉換價（按緊接根據可換股貸款契據條款及條件而刊發之通告日期前二十個交易日本公司股份於聯交所平均收市價之90%計算）轉換成已繳足本公司普通股。詳情載於一九九七年五月十三日及二零零零年十二月二十日本公司寄發予股東之通函。

透過於二零零二年二月十八日簽訂之轉讓書，Simonson已將該貸款及所有相關權利及利息轉讓予Perfect Master Limited（「PML」），一間由獨立第三方ING全資擁有之附屬公司。同日，PML全部已發行股本及該貸款已隨後出售予Galaxy Time Limited，一間由新世界實業控股有限公司持有之公司。詳情載列於二零零二年二月十八日本公司之公佈。

如本公司截至二零零二年三月三十一日止年度之年報及截至二零零二年九月三十日止六個月之中期報告所披露，本集團未能償還若干部份貸款，導致全部未償還本金11,900,000美元成為應要求償還貸款，而將該貸款及其應計利息轉換為本公司繳足普通股之轉換權於二零零三年六月二十五日作廢，惟貸款隨附之其他一切權利將繼續有效。

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFITS SCHEMES

Details of the group's retirement benefits schemes are set out in note 42 to the financial statements.

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not throughout, the year ended 31 March 2003, in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules") except that the independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are not any restrictions against such rights under the laws in Bermuda.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 44 to the financial statements.

管理合約

於本年度，概無就本公司整體或任何重大業務部分之管理及行政工作訂立或存在任何合約。

退休福利計劃

本集團之退休福利計劃詳情載於財務報表附註42。

最佳應用守則

據董事所知，概無任何資料足以顯示本公司截至二零零三年三月三十一日止年度內，未有遵守聯交所證券上市規則（「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以特定任期委任，而是根據本公司細則於股東週年大會上輪值告退及膺選連任。

優先購買權

雖然百慕達法例並無限制批授優先購買權，惟本公司之公司細則並無載有優先購買權之規定。

結算日後事項

重大結算日後事項之詳情載於財務報表附註44。

PRACTICE NOTE 19 OF THE LISTING RULES

Details of the advances to, and guarantees given for the benefits of, the Company's affiliated companies by the Group as at 31 March 2003 are as follows:

上市規則之第19項應用指引

有關本集團於二零零三年三月三十一日為本公司聯屬公司給予之財務資助或為其利益作出之擔保詳情如下：

Name of affiliated companies	聯屬公司名稱	Percentage of interest held by the Group	Advances to affiliated companies	Allowance for amounts due from affiliated companies	Guarantees given for banking facilities granted to affiliated companies	Total (after allowance)
		本集團所持權益百分比	給予聯屬公司之墊款	應收聯屬公司款項之撥備	為提供予聯屬公司之銀行融資作出之擔保	總計(經扣除撥備)
		%	HK'000 千港元	HK'000 千港元	HK'000 千港元	HK'000 千港元
Asean Fortune Corporation	Asean Fortune Corporation	50.0	56,626	(56,626)	—	—
Yixing United Ceramics Co., Ltd.	宜興聯合陶瓷有限公司	(約) 47.56 (approximately)	31,737	(31,737)	10,268	10,268
			88,363	(88,363)	10,268	10,268

PRACTICE NOTE 19 OF THE LISTING RULES (cont'd)

Advances to the affiliated companies are interest free, unsecured and repayable on demand.

The proforma combined balance sheet of the associates as at 31 March 2003, which includes the assets and liabilities of Asean Fortune Corporation and Yixing United Ceramic Co., Ltd., is as follows:

上市規則之第19項應用指引 (續)

給予聯屬公司之墊款為免息、無抵押及須於通知時償還。

於二零零三年三月三十一日，聯營公司之備考合併資產負債表，當中包括Asean Fortune Corporation及宜興聯合陶瓷有限公司之資產及負債如下：

		Balance as at 31 March 2003 於二零零三年 三月三十一日 之結餘 HK\$'000 千港元	The Company's attributable interest 本公司 應佔權益 HK\$'000 千港元
Non-current assets	非流動資產	70,482	34,405
Current assets	流動資產	35,956	17,115
Current liabilities	流動負債	(111,298)	(53,719)
Net current liabilities	流動負債淨額	(75,342)	(36,604)
Non-current liabilities	非流動負債	(6,000)	(3,000)
Shareholders' funds	股東資金	(10,860)	(5,199)

PRACTICE NOTE 19 OF THE LISTING RULES (cont'd)

As at 31 March 2003, there was an approximately sum of HK\$1,664,000 before provision and HK\$Nil after provision due from 溫州西山面磚廠 (Wenzhou Xishan Wall Tile Factory), the minority shareholder of Wenzhou Xishan United Ceramics Company Limited (a 73.5% subsidiary of the Company). Such amount due was interest free, unsecured and repayable on demand.

As disclosed in the annual report of the Company for the year ended 31 March 2002 and the interim report for the six months ended 30 September 2002, the Group failed to repay certain part of the Loan, resulting in the whole outstanding principal sum of approximately US\$11.9 million repayable on demand. The Loan was then acquired by Galaxy Time Limited, a third party, and a company held by New World Enterprise Holdings Limited, details of which were disclosed in the announcement of the Company dated 18 February 2002. The conversion option to convert the Loan and the accrued interest into fully paid ordinary shares of the Company lapsed on 25 June 2003 but all other rights attaching to the Loan continue to subsist.

AUDITORS

A resolution will be submitted at the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board

Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 23 July 2003

上市規則之第19項應用指引 (續)

於二零零三年三月三十一日，本集團對溫州西山聯合陶瓷有限公司（本公司73.5%之附屬公司）之少數股東溫州西山面磚廠之應收款項約為1,664,000港元（撥備前）及零港元（撥備後）。應收之款項為不計息、無抵押及應要求時償還。

如本公司截至二零零二年三月三十一日止年度之年報及截至二零零二年九月三十日止六個月之中期報告所披露，本集團未能償還貸款之若干部分，導致全數約為11,900,000美元之未償還本金變成須於提出要求時償還。貸款其後獲第三方並由新世界實業控股有限公司持有之公司Galaxy Time Limited收購，詳情見本公司於二零零二年二月十八日發表之公佈。將該貸款及其應計利息轉換為本公司繳足普通股之轉換權於二零零三年六月二十五日作廢，惟貸款隨附之其他一切權利將繼續有效。

核數師

在股東週年大會上將提交一項決議案，以重新聘任德勤•關黃陳方會計師行為本公司之核數師。

代表董事會

主席
陳國強博士

香港，二零零三年七月二十三日