



**LIANG Jin You** *Chairman*

梁金友 主席

### TO ALL SHAREHOLDERS

On behalf of the Board of Directors of the Company (the "Board"), I am pleased to present to shareholders the Annual Report of Artfield Group Limited and its subsidiaries (collectively the "Group") for the year ended 31 March 2003.

### DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2003 (2002: Nil).

### RESULTS

During the year under review, owing to continuous uncertainty of the worldwide economy, the Group recorded turnover of approximately HK\$268,853,000 (2002: HK\$272,556,000), representing a slight decrease of about 1.4% as compared with last year. In spite of poor market sentiment, the net profit from ordinary activities attributable to shareholders for the year improved to HK\$1,722,000 (2002: net loss of HK\$2,806,000). This improving result was mainly attributable to the Group's continuous efforts in enhancing management quality, controlling the operation costs and strengthening our product and marketing strategies effectively.

### 致各位股東

本人謹代表本公司董事會（「董事會」）欣然向各位股東呈報雅域集團有限公司及其附屬公司（統稱「本集團」）截至二零零三年三月三十一日止年度之年報。

### 股息

董事會不建議截至二零零三年三月三十一日止年度派發任何股息（二零零二年：無）。

### 業績

於回顧年內，鑑於環球經濟持續不穩，本集團營業額錄得港幣268,853,000元（二零零二年：港幣272,556,000元），較去年約微跌1.4%。儘管市場氣氛疲弱，但於年內，股東應佔經營溢利淨值獲改善至港幣1,722,000元（二零零二年：虧損淨值港幣2,806,000元）。此改進有賴於本集團持續努力提升管理質素、有效地控制營運成本及強化本身產品及市場策略所得來的成果。

### BUSINESS REVIEW AND PROSPECT

#### Clocks and Other Office Related Products

During the year, the global economic condition remained challenging. The clocks and other related products, accounting for about 56.1% (2002: 51.4%) of the Group's total turnover, recorded a stable growth of 7.7% in turnover for the year, amounting to approximately HK\$150,792,000 (2002: HK\$140,057,000), which was a fairly satisfactory result under this unpromising market conditions. Although the intensified market competition still exerted pressure on price and profit margin, the Group endeavors to increase the total sales volume and amount in order to maintain its leading position within the industry.

As for our major markets, though the outbreak of Iraq war during the second half of the year, sales to the United States (the "US") and Europe markets achieved a remarkable increase of about 11.6% and 14.1% respectively. This achievement was mainly derived from the Group's continuing efforts on product development and market penetration by leveraging with our distribution networks in overseas offices. While sales to the Asia Pacific region including the PRC and Japan markets represented about 2.9% of the Group's total turnover.

Facing such adverse and turbulent operating environment, the Group will continue to transform our sales and marketing strategies to cope with the rapid changing market environment and to innovate more value-for-money and fashionable-design products to our potential customers at reasonable costs.

#### Lighting Products

On the back of lackluster consumer demand, the turnover of the lighting product segment recorded approximately HK\$9,903,000 (2002: HK\$10,605,000). Besides, with increasing domestic manufacturers in the PRC trying to compete with other rivals in the market by plunging prices of lighting products, the market competition becomes more severe.

### 業務回顧及展望

#### 時鐘及其他辦公室相關產品

在本年內，環球經濟仍面對種種挑戰。時鐘及其他辦公室產品，約佔本集團整體營業額之56.1%（二零零二年：51.4%），全年營業額錄得7.7%之穩定增長，約為港幣150,792,000元（二零零二年：港幣140,057,000元），在目前不明確的市場環境下，此成績亦尚算滿意。雖然在市場熾熱的競爭下令價格及銷售毛利帶來沉重壓力，本集團仍極力增加銷售總量及銷售金額以保持本集團在業內之領導地位。

對於我們主要的銷售市場，雖然在下半年度爆發了伊拉克戰爭，然而美國及歐洲市場銷售情況卻分別達到11.6%及14.1%之明顯升幅。由於本集團持續不斷於產品開發，及藉著海外辦事處之分銷網絡的優勢以努力拓展及滲入各市場，從而取得此表現。至於銷售往亞太地區，包括中國及日本，亦約佔本集團整體營業額之2.9%。

在此不景氣及多變之經營環境下，本集團將繼續轉變銷售及市場策略以回應瞬息萬變的市場形勢，同時加強開發及創造更多物有所值及嶄新設計的產品，務求以合理價錢滿足各類潛在的顧客。

#### 照明產品

基於消費需求放緩，照明產品業務的營業額錄得約港幣9,903,000元（二零零二年：港幣10,605,000元）。此外，由於不少中國製造商以較低價格在市場上大量傾銷照明產品，因此令競爭變得更白熱化。

### BUSINESS REVIEW AND PROSPECT (Cont'd)

#### Lighting Products (Cont'd)

In order to maintain our competitiveness, the Group has put more efforts to expand the existing production capacity, to improve the operating efficiency and maintain stringent product quality during the year.

#### Trading

The result of trading segment was affected by the sluggish market environment in Asia region, coupled with the outbreak of severe acute respiratory syndrome ("SARS"). The turnover of trading segments recorded a decrease of about 12.1% to HK\$94,963,000 (2002: HK\$108,061,000).

By acquisition of Lens Trading Inc. in August 2002, the Management expects that it can broaden its earning base as well as provide a stable income source for the Group to improve its overall profitability. Supported by the Group's well-established vertical integration strategy, it is expected that the trading and distribution business will provide positive contributions to the Group in the long-term.

#### Electroplating Services

In light of stiff market condition, the turnover of electroplating services was approximately HK\$13,195,000 (2002: HK\$13,833,000), representing a slight decrease of about 4.6% as compared with last year. The Management will deploy additional resources in upgrading the electroplating techniques and installing advanced machinery and equipment in order to increase the capacity and enjoy the advantages of economies of scale.

### 業務回顧及展望 (續)

#### 照明產品 (續)

為了保持競爭力，本集團於本年內仍不斷付出更大的努力，擴充現有的生產量，改善營運效率及維持嚴格的產品質素。

#### 貿易

貿易業務表現亦受到亞洲地區之市場疲弱氣氛及爆發嚴重急性呼吸系統綜合症（「SARS」）所影響。貿易業務之營業額錄得約12.1%的跌幅，為港幣94,963,000元（二零零二年：港幣108,061,000元）。

自二零零二年八月收購Lens Trading Inc.後，管理層期望透過此收購不但能為本集團擴闊盈利基礎，並提供穩定的收入來源以改善其整體的盈利能力。配合本集團沿用以久之垂直綜合化策略，預計貿易及分銷業務長遠將為本集團帶來正面的貢獻。

#### 電鍍服務

有見於市場競爭劇烈，電鍍服務之營業額約為港幣13,195,000元（二零零二年：港幣13,833,000元），較去年下跌約4.6%。管理層將投入更多資源以提升電鍍技術及裝設先進的機器及設備，務必增強生產量並享有經濟效益的優勢。

### PROSPECTS

During the year, when the worldwide economy was expected to show signs of an incipient recovery, it was abruptly hampered by the tensions in the Middle East and the outbreak of SARS. The Management believes that the coming year shall remain to be tough and challenging to most industries.

Against such an adverse economic climate, the Management will continue to exercise effective cost management and improve its performance and profitability by implementing comprehensive and stringent business strategies in the following aspects:

#### Product Development

The Management believes that product design and development is critical to the success of the Group's business. Therefore, the Group consistently puts emphasis and consideration efforts on design concept and product engineering processes.

In light of sophisticated customers' demands nowadays, the use of clocks is no longer basic necessities, instead they are perceived as fashionable gifts and stationery items. In order to differentiate us from the market, an in-house research and development team is encouraged to explore their innovations in product designs and functionalities tied with market trends. Therefore the Group not only provides the conventional clock products, but also broadens the product range including lighting products, electroplating products and especially for development of gifts and accessory items such as office and household accessories items and giftware products like office stationery sets, wooden music boxes, photo frames, wooden medals and wooden jewellery boxes. The Management believes that enriching our product offering will expand the customer base and diversify our product portfolio in the near future.

### 展望

於年內，期望環球經濟開始出現復甦曙光之際，惟突然受到中東地區緊張的局勢及爆發 SARS 下進一步受打擊。管理層深信對大多數工業來說，來年仍是處於嚴峻及富挑戰性的一年。

縱然面對經濟不景氣，管理層將繼續實行有效的成本管理及改善業務狀況，並落實以下審慎的政策以求達到本集團整體的利潤目標。

#### 產品開發

管理層認為產品設計及開發對本集團業務之成功相當重要。因此，本集團一貫注重產品設計及研究產品工程技術。

鑑於現今顧客要求日趨複雜，時鐘之用途已超越傳統計時功能，廣泛作為時尚禮品及文儀用品之用。為求在市場上脫穎而出，我們轄下的研究及開發隊伍會因應市場潮流，致力發揮其創作動力，設計匠心獨韻及具功能性的產品。因此，本集團不但供應傳統時鐘產品，更擴大其產品類別，包括照明產品及電鍍產品，尤以發展禮品及裝飾系列為主，以辦公室及家居裝飾與禮品種類如辦公室文具產品系列、木製音樂盒、相架、獎牌及木製首飾盒等。管理層深信增加產品種類將於來年為本集團擴闊客戶基礎，並使產品組合多元化。

### PROSPECTS (Cont'd)

#### Market Expansion

Apart from enriching product mix, the Management constantly evaluates our existing market share and its position. In addition to establishing our OEM business in the US market, the Group endeavors to actively expand our distribution presences in other major geographical regions including Europe and the PRC. By establishing our representative sales offices among the US, the United Kingdom (the "UK"), Germany and the PRC in the past years, the Group enjoys the advantages of sharing the market information shortly and enhances the distribution and processing networks in promoting our OEM and branded products in different geographical regions. In the meantime, the overseas offices will liaise with various distribution agencies with extensive market coverage to gain a foothold in major cities and thereby facilitating an efficient expansion and distribution.

#### Brand Management

Adopting the marketing strategies targeted at different market positioning, the Group holds several brand names to suit customers' needs. In order to establish our brand recognition in the US and the PRC market, the Management will mainly focus on promoting our branded clock product "Wehrle" to meet the high-ranked markets. With over 180 years' brand history, "Wehrle" is well-renowned name in the Europe for high quality brass clocks and wins the market reputations. The Management believes that the opening up of the PRC market will provide a platform for the Group to capitalize our professional technical know-how of a high-end brand name.

### 展望 (續)

#### 市場擴展

除了增加產品種類外，管理層亦持續地評估其市場佔有率及當時之形勢。我們一方面已在美國市場建立了穩定的OEM業務外，本集團積極致力拓展本身的分銷網路往其他地域包括歐洲及中國。憑藉在往年在美國、英國、德國及中國所設立的銷售代表辦事處之根基，本集團既能迅速地共享市場資訊，並加強橫越不同地域作為推廣OEM及品牌產品之分銷及處理網絡。同時，各海外辦事處將與不少擁有龐大市場覆蓋範圍的分銷代理洽商，務求作為踏進某些主要大城市的立足點，並能協助有效率地擴充市場及分銷發展。

#### 品牌管理

針對不同市場定位而制定的市場策略，本集團擁有若干的牌名以迎合顧客需要。為了強化在美國及中國市場之品牌商譽，管理層將著重宣傳及推廣我們之牌名「Wehrle」以滿足高檔市場。「Wehrle」牌名秉承超過180年悠久的歷史，為歐洲高級黃銅鐘之著名牌子，贏得市場良好聲譽。管理層相信隨著中國市場開放將為本集團提供一個平台以發揮我們既有之高級牌名專業生產技術優勢。

### PROSPECTS (Cont'd)

#### Capturing Opportunities in the PRC Market

Despite the overall sluggish economy, the PRC market maintains a steady growth. The China's accession to the World Trade Organization, coupled with the recent formal signing of the Closer Economic Partnership Arrangement between Hong Kong Special Administrative Region and the Central Government, will facilitate the liberalization of trade in goods and services in the mainland market. The zero-tariff policy will certainly facilitate the Group's further expansion into the mainland market in the years ahead.

Along with our foundation and experiences accumulated in the PRC market over the years, the Management always dedicates to strengthen the sales and marketing distribution channels in the major affluent cities such as Beijing, Shanghai, Guangzhou and develop our own brand positions in order to capture the arising business opportunities in the PRC.

#### Production Capacity and Facilities Upgrade

Leveraging with over 19 years' experiences of clock manufacturing and its proven track record in the field, the Group will preserve in enhancing our long-term vertical integration processes to maximize the economies of the scale. Therefore the Group continues to deploy more resources in advancing production machineries and facilities, upgrading the manufacturing technologies in order to enhance the operation efficiency, to increase production capacity and to maintain high quality products.

For wood product and lighting product development, the construction of new factory premises in Gao Ming, the PRC adjacent to the existing production facilities of the Group was commenced in late 2002 and expected to be completed within this coming year. The Management believes that the new production facilities will increase the annual production capacity in the future.

### 展望 (續)

#### 掌握中國市場的商機

儘管整體經濟不景，中國市場仍保持穩定增長。隨著中國加入世界貿易組織，加上近期香港特別行政區及中央政府正式簽定更緊密經貿關係安排，將有助開放國內自由商品貿易及服務的市場。再者，零關稅政策必然有利本集團於未來數年擴展內地市場的目標。

配合本集團於過往數年在中國市場所奠定的基礎及累積的經驗，管理層非常重視在較富裕的大城市如北京、上海及廣州市內增強銷售及市場分銷渠道，從而建立本身的品牌地位，抓緊中國市場無限之商機。

#### 提升生產規模及設施

擁有超過十九年時鐘製造經驗及在業界肯定的成績，本集團將堅持提升長遠垂直綜合生產程序，力求達到最佳經濟效益。故此本集團會繼續投放更多資源購買先進生產機器及設備，提升生產技術，最終提高營運效率、增加生產量及保持優質產品。

對於木製品及照明產品發展方面，本集團於二零零二年末已動工興建位於中國高明之新廠房設施，該項設施鄰近本集團之現有生產設施，預計將於來年落成。管理層確信新生產設施將有助日後增加每年生產量。

### PROSPECTS (Cont'd)

#### Production Capacity and Facilities Upgrade (Cont'd)

For electroplating business, the Management plans to install additional automatic electroplating production lines apart from existing facilities and reinforce new electroplating techniques to cater for high expectations from customers and growing demands. In long-term perspective, the Group has equipped sufficient and specialized production manpower in our production plants in China which will be capable to meet the tight production schedules and increased production orders.

#### Strategic Investment

Looking ahead, the Management will prudently identify any opportunity to expand the scope of the existing businesses through merger and acquisition of other related businesses or projects with high profitability returns after evaluation of existing business and future development plan in order to deliver excellent value to our shareholders.

### APPRECIATION

Together with all my fellow directors, I sincerely thank all of our staff for their loyalty, commitment and hard work, and our customers, suppliers and shareholders for their continuing support.

By Order of the Board

**LIANG Jin You**

*Chairman*

Hong Kong, 30 July 2003

### 展望 (續)

#### 提升生產規模及設施 (續)

至於電鍍業務上，除現有的設備外，管理層計劃另增添多條自動化電鍍生產線及提高電鍍技術以迎合客戶的期望及逐漸增長的需求。對長遠發展來說，本集團已於國內廠房建立充足的配套裝備，再加上擁有專門技術的生產人員，將能符合緊迫的生產程序及增加生產訂單的要求。

#### 策略性投資

展望將來，管理層仍持續對現有業務及未來發展計劃作評估，並將慎重考慮任何擴展現有業務的契機，諸如透過合併及收購其他相關業務或投資一些回報可觀的新項目，以求為股東帶來最佳利益。

### 致謝

本人謹與董事會就全體職員之忠誠、承諾與勤奮，以及各供應商、客戶和股東之不斷支持致以衷心謝意。

承董事會命

**梁金友**

*主席*

香港，二零零三年七月三十日