

Report of the Directors 董事會報告書

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the company are the design, development, manufacturing and sale of plush stuffed toys and investment holding. The principal activities and other particulars of the subsidiaries are set out in note 16 on the financial statements.

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 12 on the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

		Percentage of the group's total 佔本集團總額百分比	
		sales 銷售	purchases 採購
The largest customer	最大客戶	26.2%	
Five largest customers in aggregate	五大客戶總和	58.3%	
The largest supplier	最大供應商		10.5%
Five largest suppliers in aggregate	五大供應商總和		28.8%

C & H Co., Ltd ("C & H Korea") is the largest customer, largest supplier and the ultimate holding company of the company. Please refer to the paragraph headed "Directors' interests in contracts" and "Connected transactions" for details.

Save as disclosed above and so far as the directors are aware, neither the directors, their associates nor 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 and suppliers.

FINANCIAL STATEMENTS

The profit of the group for the year ended 31 December 2003 and the state of the company's and the group's affairs as at that date are set out in the financial statements on pages 48 to 109.

董事會全人謹將截至二零零三年十二月三十一日止年度的年報及經審核財務報表呈覽。

主要業務

本公司的主要業務是設計、發展、生產及銷售毛絨玩具及投資控股。各附屬公司的主要業務及其他詳情載列於財務報表附註 16。

本公司及各附屬公司於本財政年度的主要業務及經營地區分析載列於財務報表附註 12。

主要客戶及供應商

本集團於本財政年度的主要客戶及供應商分別佔本集團銷售及採購總額的資料如下：

C & H Co., Ltd (「C & H 韓國」) 為本公司之最大客戶、最大供應商及最終控股公司。有關詳情請參閱下文「董事在合約的利益」及「關連交易」之段落。

除上文所述外及據董事所知，本公司各董事、與董事有聯繫人士或任何股東（據董事所知，持有本公司股本 5% 以上者），均沒有擁有這些主要客戶及供應商的任何權益。

財務報表

本集團截至二零零三年十二月三十一日止年度之溢利以及本公司及本集團於該日的財政狀況載於第 48 頁至第 109 頁之財務報表內。



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FINANCIAL STATEMENTS (Continued)

An interim dividend of 3.0 HK cents (2002: 2.4 HK cents) per share was paid on 31 October 2003. The directors now recommend the payment of a final dividend of 6.0 HK cents (2002: 6.4 HK cents) per share in respect of the year ended 31 December 2003.

TRANSFER TO RESERVES

Profit attributable to shareholders, before dividends, of HK\$120,952,000 (2002: HK\$113,489,000) has been transferred to reserves.

FIXED ASSETS

Details of the movements in fixed assets are set out in note 13 on the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the company during the year, together with the reasons therefor, are set out in note 28 on the financial statements.

DIRECTORS

The directors during the financial year were:

Chairman and executive director

Kyoo Yoon **Choi** (previously non-executive director, redesignated as executive director on 26 September 2003)

Executive directors

Chul Hong **Min**
Tae Sub **Choi** (appointed on 8 April 2003)
Sung Sick **Kim** (resigned on 8 April 2003)
Young M. **Lee**

Independent non-executive directors

Valiant, Kin Piu **Cheung**
Cheong Heon **Yi** (appointed on 22 November 2003)
David, Kwai Che **Tse** (resigned on 22 November 2003)

財務報表 (續)

本公司已於二零零三年十月三十一日派發中期股息每股3.0港仙(二零零二年: 2.4港仙)。董事現建議派發截至二零零三年十二月三十一日止年度末期股息每股6.0港仙(二零零二年: 6.4港仙)。

轉撥至儲備

股東應佔溢利(未扣除股息)為120,952,000港元(二零零二年: 113,489,000港元)已轉入儲備。

固定資產

固定資產之變動詳情載於財務報表附註13。

股本

本公司於年內股本變動之詳情以及有關原因載於財務報表附註28。

董事

本財政年度內的董事會成員如下:

主席兼執行董事

崔奎琬先生(前任非執行董事,其職銜於二零零三年九月二十六日獲重定為執行董事)

執行董事

閔詰泓先生
崔泰燮先生(於二零零三年四月八日委任)
金盛植先生(於二零零三年四月八日辭任)
李泳模先生

獨立非執行董事

張建標先生
李政憲教授(於二零零三年十一月二十二日委任)
謝貴技教授(於二零零三年十一月二十二日辭任)

Report of the Directors 董事會報告書

DIRECTORS *(Continued)*

Mr. Valiant, Kin Piu Cheung will retire at the forthcoming annual general meeting in accordance with article 101 of the company's articles of association and, being eligible, offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

The service contract of Mr. Valiant, Kin Piu Cheung, the independent non-executive director, was renewed for a further term of 2 years commencing on 22 October 2003.

Professor Cheong Heon Yi, the independent non-executive director, was appointed by the board of directors on 22 November 2003 for a term of 2 years commencing on 22 November 2003.

Their remuneration is determined by the board of directors on the anniversary of the dates of their appointments.

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.

董事 (續)

根據本公司之公司章程細則第 101 條，張建標先生將於即將召開的股東週年大會依章告退，惟符合資格並願意膺選連任。

董事服務合約

獨立非執行董事張建標先生之服務合約已予重續，任期由二零零三年十月二十二日起為期兩年。

獨立非執行董事李政憲教授於二零零三年十一月二十二日獲董事會委任，任期由二零零三年十一月二十二日起為期兩年。

他們之薪酬乃董事會於在他們獲委任滿一週年時釐定。

擬於即將召開的股東週年大會中候選連任的董事概無與本公司或其任何附屬公司訂立於一年內不可在不予賠償（一般法定義務除外）的情況下終止的尚未屆滿服務合約。



Report of the Directors 董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The directors and chief executive of the company who held office at 31 December 2003 had the following interests in the shares of the company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) at that date as recorded in the register of directors' and chief executive's interests to be kept by the company under section 352 of the SFO or notified to the company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

董事及最高行政人員擁有股份、相關股份及債權證之權益及持有股份的淡倉

遵照《證券及期貨條例》第 352 條備存之董事及最高行政人員權益及淡倉登記冊顯示，或本公司及香港聯合交易所有限公司（「香港聯交所」）根據《上市公司董事進行證券交易之標準守則》獲得之通知，於二零零三年十二月三十一日擔任本公司董事及最高行政人員職務之人士於該日擁有本公司、其控股公司、附屬公司及其他相聯法團（須符合《證券及期貨條例》（「證券及期貨條例」）所載的定義）有關股份的權益如下：

(i) Interests in issued shares

(i) 於已發行股份之權益：

		Number of ordinary shares 普通股數目					Percentage of total issued shares 佔已發行 股份總數的 百分比
		Personal interests (Note 1) 個人權益 (附註 1)	Family interests 家族權益	Corporate interests 公司權益	Trustee interests 受託人權益	Total number of shares held 持有 股份總數	
Beneficial interests	實益權益						
The company	本公司						
- Kyoo Yoon Choi	- 崔奎琬	-	-	487,500,000 (Note 2) (附註 2)	-	487,500,000	74.03%
- Chul Hong Min	- 閔誌泓	1,950,000	-	-	-	1,950,000	0.30%
- Young M. Lee	- 李泳模	500,000	-	-	-	500,000	0.08%
C & H Korea	C & H 韓國						
- Kyoo Yoon Choi	- 崔奎琬	189,917 (Note 7) (附註 7)	213,041 (Notes 3 & 7) (附註 3 & 7)	-	-	402,958	76.21%
- Chul Hong Min	- 閔誌泓	14,212 (Notes 4 & 7) (附註 4 & 7)	-	-	-	14,212	2.69%
- Tae Sub Choi	- 崔泰燮	5,685 (Notes 4 & 7) (附註 4 & 7)	-	-	-	5,685	1.08%
Gina World Co., Ltd	Gina World Co., Ltd						
- Kyoo Yoon Choi	- 崔奎琬	764,000 (Note 7) (附註 7)	40,000 (Notes 5 & 7) (附註 5 & 7)	2,594,000 (Notes 6 & 7) (附註 6 & 7)	-	3,398,000	67.96%

Report of the Directors 董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

董事及最高行政人員擁有股份、相關股份及債權證之權益及持有股份的淡倉 (續)

(i) Interests in issued shares (Continued)

Notes:

- (1) The shares are registered under the names of the directors and chief executive who are the beneficial owners.
- (2) Kyoo Yoon Choi in his own name holds approximately 35.92% of the issued share capital of C & H Korea, together with his wife, Woul Hee Cha, and his two children under age of eighteen, You Jin Choi and Soo Jin Choi, hold approximately 76.21% of the issued share capital of C & H Korea which owned 382,850,000 shares in the company. In addition, Kyoo Yoon Choi beneficially owns 76% of interest of Uni-Link Technology Limited which owned 104,650,000 shares of the company.
- (3) The wife of Kyoo Yoon Choi, Woul Hee Cha, and his two children under age of eighteen, You Jin Choi and Soo Jin Choi, hold approximately 40.29% of the issued share capital of C & H Korea.
- (4) Chul Hong Min and Tae Sub Choi hold approximately 2.69% and 1.08% of the issued share capital of C & H Korea respectively.
- (5) Kyoo Yoon Choi holds approximately 15.28% of the issued share capital of Gina World Co., Ltd ("Gina World"), together with his two children under age of eighteen, You Jin Choi and Soo Jin Choi, hold approximately 16.08% of the issued share capital of Gina World.
- (6) Kyoo Yoon Choi in his own name holds approximately 35.92% of the issued share capital of C & H Korea, together with his wife, Woul Hee Cha, and his two children under age of eighteen, You Jin Choi and Soo Jin Choi, hold approximately 76.21% of the issued share capital of C & H Korea which owned 2,594,000 shares in Gina World.
- (7) The updated interests in issued shares have been reported to the SEHK and the register of directors' and chief executive's interests has been updated subsequent to 31 December 2003.

(ii) Interests in underlying shares

The directors and chief executive of the company have been granted options under the company's share option scheme, details of which are set out in the section "Share option scheme" below.

Apart from the foregoing, none of the directors and chief executive of the company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the company, and of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

(i) 於已發行股份之權益：(續)

附註：

- (1) 股份乃以作為實益擁有人之董事及主要行政人員之名義登記。
- (2) 崔奎琿以其個人名義持有 C & H 韓國 (擁有本公司 382,850,000 股股份) 之已發行股本約 35.92% · 並連同其妻子車月姬及其兩名未滿十八歲之子女崔有鎮及崔守鎮持有 C & H 韓國之已發行股本約 76.21% 。另外 · 崔奎琿實益擁有 Uni-Link Technology Limited 之 76% 權益 · 而該公司則擁有本公司 104,650,000 股股份。
- (3) 崔奎琿之妻子車月姬 · 及其兩名未滿十八歲之子女崔有鎮及崔守鎮 · 持有 C & H 韓國之已發行股本約 40.29% 。
- (4) 閔誌泓及崔泰變分別持有 C & H 韓國之已發行股本約 2.69% 及 1.08% 。
- (5) 崔奎琿持有 Gina World Co., Ltd (「Gina World」) 之已發行股本約 15.28% · 並連同其兩名未滿十八歲之子女崔有鎮及崔守鎮持有 Gina World 之已發行股本約 16.08% 。
- (6) 崔奎琿以其個人名義持有 C & H 韓國 (擁有 Gina World 2,594,000 股股份) 之已發行股本約 35.92% · 並連同其妻子車月姬及其兩名未滿十八歲之子女崔有鎮及崔守鎮持有 C & H 韓國之已發行股本約 76.21% 。
- (7) 於二零零三年十二月三十一日止結算日後 · 已更新之權益已向香港聯交所匯報及載於董事及最高行政人員股份權益登記冊內。

(ii) 相關股份之權益

本公司董事及最高行政人員已根據本公司之購股權計劃獲授購股權 · 有關詳情載於下文「購股權計劃」一節。

除上文所述者外 · 遵照《證券及期貨條例》第352條備存之登記冊顯示 · 或按照《上市公司董事進行證券交易之標準守則》以其他方式之本公司具報 · 本公司董事及最高行政人員或任何其他他們的配偶或未滿十八歲之子女均沒有擁有本公司 · 其控股公司 · 附屬公司或同系附屬公司之股份 · 相關股份或債權證權益或持有股份的淡倉。

Report of the Directors 董事會報告書

SHARE OPTION SCHEME

The company has a share option scheme which was adopted on 22 January 2002 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for shares of the company. The exercise price of the options is the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the SEHK on the date of grant and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options may be exercised progressively after one to three years from the date of grant and are exercisable for a period to be notified by the directors to each option holder upon the grant of the option. Such period will not exceed ten years from the date on which the option is granted.

The maximum number of shares which may be issued upon the exercise of all outstanding options and yet to be exercised under the share option scheme shall not exceed 30% of the issued share capital of the company from time to time. Subject always to the above overall limit, the directors may grant options under the share option scheme, generally and without further authority, in respect of such number of shares which may be issued upon exercise of all options to be granted under the share option scheme not exceeding 10% of the issued share capital of the company as at 7 February 2002, being the date on which the company's shares were listed on the SEHK. For the purpose of calculating the above, options lapsed in accordance with the share option scheme shall not be counted.

The total number of securities available for issue under the share option scheme as at 31 December 2003 was 21,030,000 shares (including options for 20,345,000 shares that have been granted but not yet lapsed or became exercisable) which represented 3.2% of the issued share capital of the company at 31 December 2003. In respect of the maximum entitlement of each participant under the scheme, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the company's ordinary shares in issue.

As at 31 December 2003, the directors individually, other employees and other participants in aggregate of the company had the following interests in options to subscribe for shares of the company granted at nominal consideration under the share option scheme of the company. The options are unlisted. Each option gives the holder the right to subscribe for one share and the consideration paid by each holder for the options granted is HK\$1.00.

購股權計劃

本公司於二零零二年一月二十二日採納一項購股權計劃。據此，本公司董事獲授權酌情邀請本集團之僱員（包括本集團任何成員公司之董事）接受購股權以認購本公司股份。購股權之行使價為：(i)股份之票面值；(ii)股份於購股權授予當日於香港聯交所錄得的收市價；及(iii)股份於緊接購股權授予當日前五個營業日在香港聯交所錄得的平均收市價三者之最高數額。購股權可於授予日期後起計之一至三年後逐步行使，行使期在董事會授出購股權時通知各購股權持有人，惟該等期間不可超出購股權授出日期起計十年。

於行使所有根據購股權計劃已授出惟未行使購股權時可能發行之股份總數量最多不得超過本公司不時已發行股本之30%。在一直遵守以上總限額之情況下，董事可在一般及不再有進一步授權情況下根據購股權計劃授出購股權，惟於行使根據購股權計劃將予授出之所有購股權時可能發行之股份數目，不超過本公司於二零零二年二月七日（即本公司股份在香港聯交所上市日期）已發行股本之10%。就計算上述股份數目而言，根據購股權計劃而失效之購股權將不在計算之列。

於二零零三年十二月三十一日，根據購股權計劃可予發行之證券總數為21,030,000股股份（包括涉及20,345,000股股份已授出但尚未失效或成為可予行使之購股權），佔本公司於二零零三年十二月三十一日已發行股本之3.2%。根據各名參與者於該計劃下可獲分配之最高配額，於任何十二個月期間，因購股權獲行使而已發行及將發行者予各名參與者之證券數目已被限制為本公司已發行普通股之1%。

於二零零三年十二月三十一日，本公司董事個別以及其他僱員及其他參與者共同於根據本公司購股權計劃以象徵式代價授出可認購本公司股份之購股權中持有以下權益。購股權並未上市。每份購股權賦予其持有人權利認購一股股份，而每名持有人已就獲授之購股權支付1.00港元之代價。

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SHARE OPTION SCHEME (Continued)

購股權計劃 (續)

	No. of options outstanding as at 1 January 2003	No. of options outstanding as at 31 December 2003	Date granted	Period during which options exercisable (Note 1)	Exercise price per share	No. of shares acquired on exercise of options during the period	Weighted average closing price immediately before the date on which the options were exercised	No. of options lapsed during the period (Note 2)
	於二零零三年 一月一日 未行使之 購股權數目	於二零零三年 十二月 三十一日 未行使之 購股權數目	授予日期	可行使購股權期間 (附註 1)	每股購股權 股份行使價	期內因行使 購股權而認購 之股份數目	緊接購股權獲 行使日期前 之加權 平均收市價	期內失效之 購股權數目 (附註 2)
Directors								
董事								
Chul Hong Min 閔誌泓	6,500,000	4,550,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18 港元	1,950,000	HK\$1.68 1.68 港元	-
Young M. Lee 李泳模	3,900,000	3,400,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18 港元	500,000	HK\$1.66 1.66 港元	-
Tae Sub Choi 崔泰燮	-	1,950,000	15 April 2003 二零零三年四月十五日	15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日	HK\$1.43 1.43 港元	-	-	-
Employees in aggregate	16,250,000	10,480,000	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18 港元	4,860,000	HK\$1.57 1.57 港元	910,000
僱員	-	650,000	15 April 2003 二零零三年四月十五日	15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日	HK\$1.43 1.43 港元	-	-	-
Other participant	3,900,000	-	7 February 2002 二零零二年二月七日	7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日	HK\$1.18 1.18 港元	1,170,000	HK\$1.42 1.42 港元	2,730,000
其他參與者								

Report of the Directors 董事會報告書

SHARE OPTION SCHEME (Continued)

Notes:

- (1) The maximum percentage of the share options which may be exercised is determined in stages as follows:

	Percentage of share options granted 授出購股權百分比
On or after 1st year anniversary of the date of grant 授出日期起計一週年或其後	30%
On or after 2nd year anniversary of the date of grant 授出日期起計二週年或其後	another 30% 另外 30%
On or after 3rd year anniversary of the date of grant 授出日期起計三週年或其後	another 40% 另外 40%

- (2) Pursuant to the condition of the share option scheme, any unexercised number of options granted to any employees will lapse three months after the employees ceases employment relationship with the company.

The vesting period of the above granted share options are ten years commencing on the date on which an option is granted in accordance with that scheme.

The closing price of the share of the company immediately before the date on which the share options were granted on 15 April 2003 was HK\$1.40. The share options granted are not recognised in the financial statements until they are exercised. The weighted average value per option granted during the year ended 31 December 2003 estimated at the date of grant using the Black-Scholes pricing model was HK\$0.384. The weighted average assumptions used are as follows:

Risk-free interest rate per annum	無風險全年息率	3.68%
Expected life	預計年期	10 years (年)
Annualised volatility	全年波幅	50.83%
Expected dividend per share	預計每股股息	HK\$0.088 (港元)

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model required input of highly subjective assumptions, including the expected stock price volatility. Because the company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

購股權計劃 (續)

附註：

- (1) 規定分階段可行使之購股權之最高數額百分比如下：

- (2) 根據購股權計劃之條件，授予任何僱員而尚未行使之任何購股權將於該等僱員不再為本公司僱員三個月後失效。

上述授出之購股權之歸屬期由根據該計劃授出購股權日期起為期十年。

緊接於二零零三年四月十五日授出購股權之日期前，本公司股份之收市價為1.40港元。授予之購股權只會在行使後才入賬。按Black-Scholes定價模式估計於截至二零零三年十二月三十一日止年度授予之每項購股權於授出當日之加權平均價為0.384港元。計算加權平均值所用的假設如下：

Black-Scholes期權定價模式是用來估計無權益歸屬期限限制及可完全轉讓之買賣期權之公允價值。此外，該期權定價模式需要作出極為主觀的假設（包括預計股價波幅）。由於本公司之購股權特性與買賣期權截然不同，且各項主觀假設之變化均會對估計購股權的公允價值構成嚴重的影響，因此Black-Scholes期權定價模式不一定能可靠地計算購股權的公允價值。

Report of the Directors 董事會報告書

SHARE OPTION SCHEME (Continued)

Apart from the foregoing, at no time during the year was the company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the director of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2003, the following substantial shareholders' interests were recorded in the register required to be kept by the company under section 336 of the SFO as holding 5% or more of the issued share capital of the company:

Name		Ordinary shares held	Percentage of total issued shares
名稱		所持有之普通股	佔全部已發行股份百分比
C & H Korea	C & H 韓國	382,850,000	58.14%
Uni-Link Technology Limited	Uni-Link Technology Limited	104,650,000	15.89%
Kyoo Yoon Choi (Note 1)	崔奎琬(附註 1)	487,500,000	74.03%
Arisaig Greater China Fund	Arisaig Greater China Fund	49,938,000	7.58%
Arisaig Partners (Mauritius) Limited (Note 2)	Arisaig Partners (Mauritius) Limited (附註 2)	49,938,000	7.58%
Lindsay William Ernest Cooper (Note 3)	Lindsay William Ernest Cooper (附註 3)	49,938,000	7.58%

Notes:

- (1) Kyoo Yoon Choi, together with his wife, Woul Hee Cha, and his two children under age of eighteen, You Jin Choi and Soo Jin Choi, hold approximately 76.21% of the issued share capital of C & H Korea and Kyoo Yoon Choi beneficially owns 76% of the issued share capital of Uni-Link Technology Limited. Kyoo Yoon Choi is considered to have deemed interests in the 487,500,000 ordinary shares as to approximately 74.03% of the issued shares of the company.
- (2) Arisaig Partners (Mauritius) Limited is the fund manager of Arisaig Greater China Fund.
- (3) Lindsay William Ernest Cooper is deemed interested through his indirect 33.33% beneficial interest in Arisaig Partners (Mauritius) Limited.

Apart from the foregoing, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the company.

購股權計劃 (續)

除上文所述者外，本公司、任何其控股公司、附屬公司或同系附屬公司概無於本年度內任何時間訂立任何安排，致使本公司任何董事或主要行政人員可藉購入本公司或任何其他法團之股份或債權證而獲益。

大股東及其他人士擁有本公司股份及相關股份之權益及持有股份之淡倉

於二零零三年十二月三十一日，下列主要股東權益已記錄於本公司根據《證券及期貨條例》第336條備存之登記冊，列為於本公司已發行股本中持有 5% 或以上權益：

附註：

- (1) 崔奎琬連同其妻子車月姬及其兩名未滿十八歲之子女崔有鎮及崔守鎮持有 C & H 韓國之已發行股本約 76.21% ，而崔奎琬則實益擁有 Uni-Link Technology Limited 已發行股本之 76% 權益。崔奎琬被視為持有 487,500,000 股普通股，佔本公司已發行股份約 74.03% 。
- (2) Arisaig Partners (Mauritius) Limited 為 Arisaig Greater China Fund 之基金經理。
- (3) Lindsay William Ernest Cooper 被視為透過其於 Arisaig Partners (Mauritius) Limited 之 33.33% 間接實益權益而擁有權益。

除上文所述者外，本公司概無接獲通知，有關須記錄於按照本公司根據證券及期貨條例第 336 條備存之登記冊之其他權益。

Report of the Directors 董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

C & H Korea is the largest customer, the largest supplier and the ultimate holding company of the company. Mr. Kyoo Yoon Choi and his family interests, Mr. Chul Hong Min and Mr. Tae Sub Choi were interested in these arrangements as shareholder holding a 76.21%, 2.69% and 1.08% interest respectively in the share capital of C & H Korea.

Apart from the foregoing, the related party transactions as disclosed in note 32 on the financial statements, no contract of significance to which the company, any of its holding company, subsidiaries or fellow subsidiaries was a party, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2003, C & H Korea and its subsidiaries ("C & H Korea group"), as set out below, are principally engaged in the business of the design, development, manufacturing and sale of plush stuffed toys and steel and plastic toys, and of the dyeing and manufacturing of plush fabrics, which may compete with the business of the group. Mr. C. H. Min, Mr. T.S. Choi and Mr. K. Y. Choi are deemed to be interested in these businesses which may compete with the group's businesses as they are shareholders of C & H Korea and Mr. K. Y. Choi is also a director of C & H Korea.

董事在合約的利益

C & H 韓國為本公司之最大客戶、最大供應商及最終控股公司。崔奎玟及其家族權益、閔詰泓及崔泰燮因為分別持有 C & H 韓國股本 76.21%、2.69% 及 1.08% 權益而於該等安排中佔有權益。

除上文所述及根據財務報表附註32所披露之關聯人士交易外，本公司、任何其控股公司、附屬公司或同系附屬公司於年結時或於本年度內任何時間，並無訂立任何本公司董事於當中直接或間接擁有關鍵性利益關係之重要合約。

董事於競爭性業務之權益

於截至二零零三年十二月三十一日止年度，C & H 韓國及其附屬公司（「C & H 韓國集團」）（如下文所載）從事的業務為設計、發展、製造及銷售毛絨玩具及金屬與塑膠玩具，以及漂染及生產絨布，可能與本集團業務構成競爭。由於閔詰泓先生、崔泰燮先生及崔奎玟先生為 C & H 韓國之股東而崔奎玟先生亦為 C & H 韓國之董事，故彼等均被視為於可能與本集團業務構成競爭之業務中佔有權益。

Report of the Directors 董事會報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESS 董事於競爭性業務之權益 (續)

(Continued)

Name of company 公司名稱	Nature of competing business 競爭業務的性質	The group is capable of carrying on its business independently of and at arm's length from the competing business 本集團有能力獨立於競爭業務，並在彼此公平之原則下經營業務
C & H Korea	<p>C & H Korea is ultimate holding company of the group. The directors of C & H Korea are Mr. K. Y. Choi, Mr. S.S. Kim and Mr. J. H. Chung. C & H Korea is engaged in the design, development and marketing of plush stuffed toys and other toys products. C & H Korea has established the production facilities in Korea called "Eumsung factory" which carries out the production of steel and plastic toys.</p> <p>After the transfer of the marketing, design and product development of the plush stuffed toy business of C & H Korea to Dream INKO for the purpose of subsequent acquisition of Dream INKO by J.Y. International Company Limited on 30 September 2003, C & H Korea's remaining businesses comprise ownership of a building in Seoul, a leather goods and accessory agency, fabric and textile manufacturing in Sri Lanka through its wholly owned subsidiary Jung Yoon Textiles (Private) Limited and investment holding, which include its 58.14% interest in Dream International Limited and its 51.88% interest in Gina World engages in the marketing and distribution of toy products in the Korea market and is a customer of the group. The group purchases fabric and textile from Jung Yoon Textiles (Private) Limited.</p>	<p>Pursuant to the Deed of Undertaking*, C & H Korea agreed to first offer all sales orders received by it from customers, other than the Branded Customers, to the group for the production and sale to the ultimate customers directly. C & H Korea agreed to first offer all customers' orders for the production of plush stuffed toys and steel and plastic toys received directly or indirectly by it from the Branded Customers to the group on normal commercial terms after arm's length negotiation. Also pursuant to the Deed of Undertaking*, C & H Korea entered into a co-operative arrangement with the group to market jointly with the group and to assist the group in developing its design and product development capabilities in particular for the provision of services to the Branded Customers. In addition, the Eumsung factory will exclusively receive orders from Gina World to be sold in the Korean market and its business scope will be geographically delineated from that of the group.</p>
C & H 韓國	<p>C & H 韓國為本集團之最終控股公司。C & H 韓國之董事為崔奎玗先生、金盛植先生及鄭鍾昊先生。C & H 韓國從事的業務為設計、發展及促銷毛絨玩具及其他玩具製品。C & H 韓國於韓國設立生產設施、稱為「Eumsung 廠房」，從事生產金屬及塑膠玩具業務。</p> <p>為供 J.Y. International Company Limited 其後於二零零三年九月三十日收購 Dream INKO，C & H 韓國之毛絨玩具之促銷、設計及產品發展業務已轉撥至 Dream INKO。C & H 韓國餘下之業務包括於漢城擁有一棟樓宇、皮革製品及附件代理、透過其全資附屬公司 Jung Yoon Textiles (Private) Limited 於斯里蘭卡之纖維及紡織品生產業務以及投資控股（當中包括其於德林國際有限公司之 58.14% 權益及 Gina World（於韓國從事促銷及分銷玩具產品，並為本集團之客戶）之 51.88% 權益）。本集團向 Jung Yoon Textiles (Private) Limited 購入纖維及紡織品。</p>	<p>根據承諾契據*，C & H 韓國同意首先將其從品牌客戶以外之客戶所接獲之銷售訂單給予本集團，以便直接為最終客戶生產並向其銷售。C & H 韓國同意於公平磋商後，首先將其從品牌客戶直接或間接所接獲之生產毛絨玩具及金屬與塑膠玩具之客戶訂單按正常商業條款給予本集團。此外，根據承諾契據*，C & H 韓國已與本集團訂立合作安排，與本集團共同進行市場推廣以協助本集團拓展其設計及商品發展，如向品牌客戶提供服務。此外，Eumsung 廠房將只接受 Gina World 之訂單，有關產品將於韓國市場銷售而其業務範疇在地區上與本集團之業務有所區別。</p>

Report of the Directors 董事會報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESS 董事於競爭性業務之權益 (續)

(Continued)

Name of company 公司名稱	Nature of competing business 競爭業務的性質	The group is capable of carrying on its business independently of and at arm's length from the competing business 本集團有能力獨立於競爭業務，並在彼此公平之原則下經營業務
C & H Lanka (PVT) Ltd. ("C & H Lanka")	C & H Lanka is wholly owned subsidiary of C & H Korea. The directors of C & H Lanka are Mr. K. Y. Choi, Ms. S. H. Cha, and Mr. Y. D. Noh. C & H Lanka is engaged in the manufacturing of plush stuffed toys in Sri Lanka. C & H Lanka is undergoing winding-up procedure and the local court has appointed liquidators Mr. J. David & M.S. Jayawickrama of MS SMJS Associates as directors of the company. C & H Lanka 為 C & H 韓國之全資附屬公司。C & H Lanka 之董事為崔奎琬先生、車信熙女士及盧泳大先生。C & H Lanka 於斯里蘭卡從事毛絨玩具製造業務。C & H Lanka 正進行清盤程序，當地政府已委派清盤人 MS SMJS Associates 之 J. David 先生及 M.S. Jayawickrama 為該公司之董事。	Pursuant to the Deed of Undertaking*, C & H Lanka agreed not to engage or otherwise be involved in any business which competes or is likely to compete with the group's business in any of the regions that the group engages business in. Its business will be limited to production of quota related plush stuffed toys and orders that cannot be handled by the group. 根據承諾契據*，C & H Lanka 同意不會在本集團經營所在之任何一個地區從事或參與任何與本集團業務作出或可能作出競爭之業務。其業務將局限於生產配額相關毛絨玩具以及本集團未能應付之訂單。
Jung Yoon Textiles (Private) Ltd. ("JY Textile")	JY Textile is wholly owned subsidiary of C & H Korea. The directors of JY Textile are Mr. K. Y. Choi and Mr. K.S. Song. JY Textile is engaged in the manufacturing and dyeing of fabrics. JY Textile 為 C & H 韓國之全資附屬公司。JY Textile 董事為崔奎琬先生及宋吉淳先生。JY Textile 從事製造布料及染製布料之業務。	JY Textile is engaged in manufacturing of fabrics and dyeing of fabrics for C & H Lanka and local customers in Sri Lanka. Substantially all the fabrics manufactured by the group are used for the group's own production of plush stuffed toys. JY Textile 從事為 C & H Lanka 及斯里蘭卡本土客戶製造布料及染製布料之業務。本集團所製造布料絕大部份用於本集團自行生產的毛絨玩具。
Gina World	Gina World is listed on the Korea Securities Dealers Automated Quotation market in Korea. Gina World is owned as to 51.88% by C & H Korea, 16.08% by Mr. K. Y. Choi and his family interests and 32.04% by the public. The directors of Gina World are Mr. K.Y. Choi, Mr. Y. D. Noh and Mr. I. Y. Park. Gina World holds certain rights to marketing and distribution of character licensed toys products in Korea and focuses on the marketing and distribution of character licensed toy products in the Korean market. Gina World 在韓國證券交易所自動報價系統市場上市，其由 C & H 韓國擁有 51.88%，崔奎琬先生及其家族權益擁有 16.08% 及公眾人士擁有 32.04%。Gina World 之董事為崔奎琬先生、盧泳大先生及朴一榮先生。Gina World 持有若干個於韓國營銷及分銷角色造型特許玩具產品之特許權，並專注於韓國市場推銷及分銷角色造型許可玩具產品之業務。	Gina World is a customer of the group and its business is delineated geographically with the group as it focuses on marketing and distribution of certain character licensed toy products in Korea. Pursuant to the Deed of Undertaking*, C & H Korea agreed to procure Gina World to first offer all customers' orders for the production of plush stuffed toys directly or indirectly by it to the group on normal commercial terms after arm's length negotiation. Gina World 為本集團客戶，其與本集團在業務地區範圍而言並無重疊，並專注於在韓國推銷及分銷若干角色造型特許玩具產品。根據承諾契據*，C & H 韓國同意促使 Gina World 首先將本身間接或直接獲客戶接獲之所有毛絨玩具生產訂單轉介本集團，並按一般商業條款公平磋商進行。

Report of the Directors 董事會報告書

DIRECTORS' INTERESTS IN COMPETING BUSINESS

董事於競爭性業務之權益 (續)

(Continued)

The transactions with the above companies are set out in the paragraph headed "Connected transactions".

上述公司的交易載於「關連交易」一段。

* In relation to the listing of the company's shares on the Main Board of the SEHK, C & H Korea has entered into the Deed of Undertaking in favour of the company to effect that for so long as C & H Korea and its associates are beneficially interested, directly or indirectly, whether individually or taken together, in 30% or more of the issued capital of the company, C & H Korea will not, and C & H Korea will procure that none of its subsidiaries, other than the group, will engage or otherwise be involved in any business which competes or likely to compete, either directly or indirectly, with any of the restricted business in any of the regions in which the group engages in and undertakes the restricted business (such regions include the People's Republic of China ("PRC"), Taiwan, Europe, the US and Japan). Such an undertaking shall extend to all subsidiaries of C & H Korea, except for the group.

* 因就本公司股份於香港聯交所主板上市，而 C & H 韓國為本公司訂立承諾契據，在 C & H 韓國及其聯繫人士如分別或共同直接或間接實益擁有本公司已發行股本 30% 或以上權益之情況下，C & H 韓國不會，並將促使其附屬公司（本集團除外）不會從事或參與任何直接或間接與本集團經營限制業務所在地區（包括中華人民共和國（「中國」）、台灣、歐洲、美國及日本）內的任何限制業務構成或可能構成競爭的業務。除本集團外，該項承諾申延至 C & H 韓國的所有附屬公司。

CONNECTED TRANSACTIONS

關連交易

During the year, the group entered into the following transactions with C & H Korea group:

本集團於年度內，與 C & H 韓國集團進行下列交易：

(1) The group sold plush stuffed toys and steel and plastic toys to C & H Korea, Dream INKO and Gina World, who in turn sold those products to their respective ultimate customers. In addition, the group also sourced raw materials such as fabrics for JY Textile and C & H Lanka, subsidiaries of C & H Korea. These transactions were entered into on prices and terms comparable to the prevailing market rate or practice.

(1) 本集團向 C & H 韓國、Dream INKO 及 Gina World 銷售毛絨玩具及金屬與塑膠玩具，而 C & H 韓國、Dream INKO 及 Gina World 將該等產品轉售予彼等各自之最終客戶。此外，本集團亦為 C & H 韓國之附屬公司 JY Textile 及 C & H Lanka 採購布料等原材料。該等交易乃以與當時市場價格或慣例相若之價格及條款訂立。



Report of the Directors 董事會報告書

CONNECTED TRANSACTIONS (Continued)

During the year ended 31 December 2003, the amount of sales to C & H Korea, Dream INKO, Gina World, JY Textile and C & H Lanka amounted to a total of HK\$323,905,000 (2002: HK\$493,461,000), out of which, sales of raw materials to JY Textile amounted to approximately HK\$176,000 (2002: sales of raw materials to C & H Lanka amounted to HK\$1,469,000). This represents 34.8% (2002: 54.2%) of the group's total turnover for the year ended 31 December 2003.

- (2) Pursuant to a commission agreement, C & H Korea referred sales orders for plush stuffed toys and steel and plastic toys to the group for production. Upon production of such products, the group sold the products to the customers directly, on a "free on board" basis. The group paid C & H Korea a commission which represents 10% of the amount of sales for plush stuffed toys and not more than 3% of the amount of sales for steel and plastic toys. The commission rates were comparable to the commission rates payable by the group to independent third parties and were on terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2003, the amount of commission paid by the group to C & H Korea amounted to approximately HK\$6,349,000 (2002: HK\$1,822,000). This represents 0.7% (2002: 0.2%) of the group's total turnover for the year ended 31 December 2003.

- (3) In its normal course of business, the group referred sales orders to C & H Korea for the production of certain toy products. Upon production of the toy products, C & H Korea sold those products to the ultimate customers directly. The group charged C & H Korea a commission which represents not more than 5% of the amount of sales of such toy products. The commission was comparable to the commission rate receivable by the group from independent third parties and was on terms comparable to the prevailing marking rate or practice.

關連交易 (續)

於截至二零零三年十二月三十一日止年度，向 C & H 韓國、Dream INKO、Gina World、JY Textile 及 C & H Lanka 之銷售額合共約為 323,905,000 港元（二零零二年：493,461,000 港元），其中向 JY Textile 就原材料採購之銷售額約為 176,000 港元（二零零二年：向 C & H Lanka 就原材料採購之銷售額約為 1,469,000 港元）。上述銷售額佔本集團截至二零零三年十二月三十一日止年度之總營業額 34.8%（二零零二年：54.2%）。

- (2) 根據一項佣金協議，C & H 韓國將生產毛絨玩具及金屬與塑膠玩具之銷售訂單轉介予本集團生產。完成生產該等製品後，本集團將按「離岸價」直接向客戶出售貨品。本集團向 C & H 韓國支付數額為毛絨玩具銷售額 10% 及不高於金屬與塑膠玩具銷售額 3% 之佣金。佣金比率乃與本集團應付予獨立第三者之佣金比率相若，條款亦與當時市場價格及慣例相符。

於截至二零零三年十二月三十一日止年度，本集團支付予 C & H 韓國之佣金數額約為 6,349,000 港元（二零零二年：1,822,000 港元），相等於本集團截至二零零三年十二月三十一日止年度之總營業額 0.7%（二零零二年：0.2%）。

- (3) 在日常業務過程中，本集團向 C & H 韓國轉介生產若干玩具產品之銷售訂單。完成有關玩具製品的生產後，C & H 韓國直接向最終客戶出售該等產品。本集團向 C & H 韓國收取數額不高於該等玩具產品銷售額 5% 之佣金。該佣金與本集團應收獨立第三者之佣金比率相若，條款亦與當時市場價格及慣例相符。

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CONNECTED TRANSACTIONS (Continued)

During the year ended 31 December 2003, the amount of commission charged by the group to C & H Korea amounted to approximately HK\$555,000 (2002: HK\$4,838,000). This represents 0.1% (2002: 0.9%) of the group's net asset value as at 31 December 2003.

- (4) The group sourced certain raw materials and components necessary for the production of plush stuffed toys and steel and plastic toys from C & H Korea group. The prices and terms upon which the raw materials were supplied by the C & H Korea group to the group were on normal commercial terms and comparable to the prevailing market rate or practice. During the year ended 31 December 2003, the amount of raw materials purchases made by the group from C & H Korea group amounted to HK\$56,360,000 (2002: HK\$110,838,000).

The group also sub-contracted orders to C & H Lanka for the production of certain toy products when the orders for toy products received by the group exceeded its production capacity or were unable to be handled by the group. During the year ended 31 December 2003, the amount of purchases from C & H Lanka amounted to approximately HK\$Nil (2002: HK\$2,525,000).

During the year ended 31 December 2003, the aggregate value of purchases from C & H Korea group amounted to HK\$56,360,000 (2002: HK\$113,363,000). This represents 8.2% (2002: 16.2%) of the group's total cost of sales for the year ended 31 December 2003.

- (5) The group entered into a property lease agreement with C & H Korea for Dream INKO's principal place of business in Seoul, Korea. The property lease agreement is for a term of one year and renewable upon expiry. The property lease agreement is on commercial terms, which were determined after arm's length negotiation with reference to current rental values applicable to the buildings in that area.

關連交易 (續)

於截至二零零三年十二月三十一日止年度，本集團向C & H 韓國收取之佣金數額約為555,000 港元（二零零二年：4,838,000 港元），相等於本集團於二零零三年十二月三十一日之資產淨值0.1%（二零零二年：0.9%）。

- (4) 本集團向C & H 韓國集團採購生產毛絨玩具及金屬與塑膠玩具所需之若干原材料及部件。C & H 韓國集團向本集團供應原材料之價格及條款，乃符合正常商業條款，而條款亦相當於當時市場價格或慣例。於截至二零零三年十二月三十一日止年度，本集團向C&H 韓國集團之原材料採購額為56,360,000 港元（二零零二年：110,838,000 港元）。

當本集團接獲之玩具訂單超出其生產能力或為本集團所未能應付時，便會將若干玩具製品之生產工序外判予C & H Lanka。於截至二零零三年十二月三十一日止年度，向C & H Lanka 之採購額約為零港元（二零零二年：2,525,000 港元）。

於截至二零零三年十二月三十一日止年度，向C & H 韓國集團之採購總額為56,360,000 港元（二零零二年：113,363,000 港元），相等於本集團截至二零零三年十二月三十一日止年度之銷售總成本8.2%（二零零二年：16.2%）。

- (5) 本集團與C & H 韓國就Dream INKO於韓國漢城之主要營業地點訂立物業租賃協議。該物業租賃協議為期一年，可於期滿時重續。該物業租賃協議乃按商業條款訂立，而該等商業條款乃參照適用於該地區樓宇之現行租金按公平原則磋商後釐定。



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CONNECTED TRANSACTIONS (Continued)

During the year ended 31 December 2003, the amount paid under the property lease agreement amounted to HK\$1,164,000 (2002: HK\$Nil). This represents 0.2% (2002: Nil) of the audited consolidated net tangible asset value of the group as at 31 December 2003.

After the restructuring of the businesses of C & H Korea and the acquisition of Dream INKO by the group on 30 September 2003, the following connected transactions between the group and C & H Korea group, which have already been included in (1) and (5) above, continue to constitute connected transactions as defined in the Rules Governing the Listing of Securities on the Main Board of the SEHK ("the Listing Rules").

關連交易 (續)

於截至二零零三年十二月三十一日止年度，根據該物業租賃協議所繳付之金額達1,164,000港元（二零零二年：零港元）。該金額佔本集團於二零零三年十二月三十一日之經審核綜合有形資產淨值之0.2%（二零零二年：無）。

於二零零三年九月三十日，在C & H韓國進行業務重組及本集團收購Dream INKO後，以下由本集團與C & H韓國集團訂立之關連交易（已納入上文第(1)項及第(5)項內）繼續構成香港聯交所主板證券上市規則（「上市規則」）所界定之關連交易。

		2003 二零零三年 HK\$'000 千港元
Sales to Gina World	向 Gina World 作出之銷售	14,866
Rentals paid/payable to C & H Korea	繳付／應付 C & H 韓國之租金	1,164

The company has been granted conditional waivers by the SEHK from strict compliance with the Listing Rules in respect of the above connected transactions.

本公司已獲香港聯交所有條件豁免嚴格遵守上市規則有關上述關連交易之規定。

The directors, including the independent non-executive directors, of the company have reviewed the connected transactions and confirmed that:

本公司董事（包括獨立非執行董事）已審閱關連交易，並確認：

(1) the connected transactions were:

(1) 關連交易：

- (i) entered into by the group in its ordinary and usual course of business;
- (ii) conducted either (A) on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities); or (B) if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms that are fair and reasonable so far as the shareholders of the company are concerned; and

- (i) 在本集團一般及日常業務中訂立；
- (ii) (A) 按一般商業條款（其文義將參照類似實體將作出之類似交易）進行；或 (B) 如無足夠可比較之交易判斷是否按一般商業條款訂立，按就本公司股東而言屬公平合理之條款進行；及

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CONNECTED TRANSACTIONS (Continued)

- (iii) entered into either (A) in accordance with the terms of the relevant agreements governing such connected transaction; or (B) where there are no such agreements, on terms no more favourable than those available to or from independent third parties;
- (2) the aggregate amount for each type of connected transactions for the year ended 31 December 2003 has not exceeded the higher of HK\$10 million or 3% of the audited consolidated net tangible asset value of group as at 31 December 2003.

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

During the year ended 31 December 2003, neither the company nor any of its subsidiaries has purchased, sold or redeemed any of the company's shares.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the company and the group as at 31 December 2003 are set out in note 24 on the financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the group for the last five financial years is set out on pages 110 to 112.

RETIREMENT SCHEMES

Following the acquisition of a subsidiary, Dream INKO, the group participates in a defined benefit retirement plan which covers the group's Korean employees.

The group also operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and participates in various defined contribution retirement plans organised by the relevant authorities for its employees in the PRC.

Particulars of these retirement schemes are set out in note 25 on the financial statements.

關連交易 (續)

- (iii) 根據(A)規管該關連交易之有關協議之條款；或(B)倘無該等協議，按不遜於獨立第三者給予或所獲之條款訂立；
- (2) 於截至二零零三年十二月三十一日止年度，各類關連交易之總額並無超逾 10,000,000 港元或本集團於二零零三年十二月三十一日之經審核綜合有形資產淨值之 3% (以較高者為準)。

購買、出售或贖回本公司上市證券

於截至二零零三年十二月三十一日止年度內，本公司或其任何附屬公司概無購入、出售或贖回本公司任何股份。

銀行貸款及其他借款

本公司及本集團於二零零三年十二月三十一日之銀行貸款及其他借款詳情載於財務報表附註24。

五年概要

本集團於過去五個財政年度之業績及資產與負債概要載於第 110 至 112 頁。

退休計劃

於收購附屬公司 Dream INKO 後，本集團參與一項涵蓋本集團之韓國僱員之界定利益退休計劃。

本集團按照香港《強制性公積金計劃條例》的規定，為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃，並安排中國僱員參與多項由有關當局管理之定額供款退休計劃。

該等退休計劃之詳情載於財務報表附註 25。



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COMPLIANCE WITH THE CODE OF BEST PRACTICE

Throughout the year 2003 the company has complied with the Code of Best Practice as set out by the SEHK in Appendix 14 to the Listing Rules, except that Mr. Kyoo Yoon Choi, an executive director, who was not appointed for a specific term, and is not subject to retirement by rotation and re-election at the company's annual general meeting, in accordance with the company's articles of association.

AUDIT COMMITTEE

The audit committee comprises two independent non-executive directors and reports to the board of directors. The audit committee meets with the group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual reports of the group.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Chul Hong Min

President and Chief Executive Officer

Hong Kong, 7 April 2004

遵守最佳應用守則

除了執行董事崔奎琿先生並無固定任期，且毋須根據本公司之公司章程細則輪值告退及於本公司之股東週年大會膺選連任外，本公司於二零零三年度一直遵守由香港聯交所頒佈之上市規則附錄十四所載之《最佳應用守則》。

審核委員會

審核委員會由兩名獨立非執行董事組成，並向董事會作出報告。審核委員會定期與本集團之高級管理層及外部核數師舉行會議，以檢討內部監控系統之有效性及審閱本集團之中期報告與年報。

核數師

畢馬威會計師事務所即將告退，惟符合資格並願膺選連任。重新委聘畢馬威會計師事務所為本公司核數師的決議案，將於即將召開的股東週年大會上提出。

承董事會命

閔喆泓

總裁及行政總監

香港，二零零四年四月七日