

Notes to the Financial Statements

1. GENERAL

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is Peasedow Enterprises Limited, incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in note 13.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"). The term HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP(s)") and Interpretations approved by the HKSA.

SSAP 12 (Revised)

Income taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts have been restated accordingly.

As a result of this change in policy, the balance of retained profits at 1 April 2002 has been decreased by HK\$3,847,000, representing the cumulative effect of the change in policy on the results for periods prior to 1 April 2002. The change has resulted in a decrease in the profit of HK\$2,240,000 for the year ended 31 March 2004 (2003: a decrease in the loss of HK\$701,000).

1. 緒言

本公司乃百慕達成立的有限責任公司，其股份在香港聯合交易所有限公司上市。最終控股公司乃於英屬處女群島成立之Peasedow Enterprises Limited。

本公司是一家投資控股公司。其附屬公司的主要業務載於附註13內。

2. 採納香港財務報告準則

本集團於本年度內首次採用香港會計師公會所頒佈的香港財務報告準則，香港財務報告準則已包括會計實務準則及詮釋亦已受香港會計師公會審批。

會計實務準則第12條(經修訂) 所得稅

實行會計實務準則第12條(經修訂)之主要影響涉及遞延稅項。於過往年度，本集團採用收益表負債法就遞延稅項作出部份撥備，即就所產生時差確認負債，惟不包括於可見將來預期不會逆轉之時差。會計實務準則第12條(經修訂)規定須採用資產負債表負債法，據此就財務報表之資產及負債之賬面值與用作計算應課稅溢利之相應稅基間之所有臨時差額確認為遞延稅項，而僅有少數情況可屬例外。因會計實務準則第12條(經修訂)並無明確訂明過渡期，此項會計政策變動已予追溯處理，比較數字亦已重列。

因應此會計政策之改變，二零零二年四月一日之累積溢利減少3,847,000港元，相等於二零零二年四月一日前之業績因會計政策之改變而引致的累積影響。此改變使截至二零零四年三月三十一日止年度之溢利減少2,240,000港元(二零零三年：虧損減少701,000港元)。

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interest in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

Revenue recognition

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of construction contract can be estimated reliably, revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the year plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

3. 主要會計政策

本財務報表是以歷史成本作為編製基準，並已按照香港公認會計原則編製。主要採用之會計政策如下：

編製綜合賬目之基準

綜合財務報表包括本公司及其所有附屬公司截至每年三月三十一日的財務報表。

是年收購或出售之附屬公司的業績，由收購日期起或至出售日期止已包括在綜合收益表內。

附屬公司之投資

附屬公司之投資以成本減去可確定之減值虧損已包括於公司之資產負債表內。

聯營公司之權益

本集團將收購聯營公司之後所佔之利益已於本年度包括在綜合收益表內，在綜合資產負債表中，聯營公司之權益乃為集團應佔聯營公司淨資產之部份。

收入確認

建造合約

若能可靠地預測建造合約成果時，固定價格之建造合約其收益以該年度已完成工程之價值按完成階段確認入賬內，至於與客戶達成協議之工程後加項、索償及獎勵款項亦可包括在內。

若能可靠地預測建造合約成果時，按成本後增加價格之工程，其確認之收益乃參照該年度可收回之支出另加可賺取之費用。並根據當時已發生成本佔合約之預測總成本之比例計算。

若不能可靠地預測建造合約成果時，確認收益只限於可收回之已發生之成本。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other

Sales of other goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and accumulated impairment losses, if any.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Land and buildings	Over the unexpired terms of the land use rights period
Leasehold improvements	10%
Furniture, fixtures and office equipment	10%
Plant and machinery	10%
Computer equipment	20%
Motor vehicles	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group or, where shorter, the term of the relevant leases.

3. 主要會計政策(續)

收入確認(續)

其他

銷售其他貨品於貨品送出及其擁有權轉移後確認。

服務收益於服務提供後確認。

銀行存款之利息收益以時間基礎計入，並參照當時之本金及息率。

投資之股息收益於股東確定有權收取股息後確認。

物業、廠房及設備

物業、廠房及設備是按成本減去折舊，攤銷及累計減值虧損(如有)入賬。

物業、廠房及設備就其估計可使用年期及其估計之剩餘價值計算折舊及攤銷，以直線法攤分其成本，所採用之年率如下：

土地及樓宇	按未屆滿之土地使用權年期
租賃物業裝修	10%
傢俬及裝置	10%
廠房及機器	10%
電腦設備	20%
汽車	20%

出售或棄用資產之盈虧乃指出售所得款項與有關資產賬面值之差額，於確認後計入收益表。

租購合約之資產，其折舊與本集團自置之資產以其估計可使用年期之基礎相同，或以有關租約之較短年期為準。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments

Investments are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Assets held under finance leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

3. 主要會計政策(續)

減值

於各結算日，本集團會審閱其資產的賬面值，以釐定該等資產是否出現減值虧損。倘資產的可收回數額估計少於其賬面值，則資產的賬面值將降至可收回數額。減值虧損會即時確認為開支。

倘減值虧損其後逆轉，則有關資產的賬面值將回升至重新估計的可收回數額，而所增加的賬面值不超過假設該資產於過往年度並無確認減值虧損而釐定的賬面值，減值虧損的逆轉將即時列作收入。

投資

投資以交易日之基準確認，並先以成本計算。

非到期債務證券之投資可分為投資證券及其他投資。

投資證券是以可辨認長期策略性地持有之證券，以其後所報日之成本計算，及減去非短暫性的減值。

其他投資以公平價值計算，未變現之盈虧則包括在該年度之純利或淨虧損中。

租購合約之資產

凡於租期內資產所有權與絕大部份風險及回報轉移往本集團之租約，均列作租購合約。根據租購合約持有之資產按收購當日之公平值撥充資本。向出租人履行之有關責任(已扣除有關利息支出)於資產負債表內列作租購合約承擔。融資費用即租金承擔總額與所收購資產公平值之差額，將按有關租約年期自收益表扣除，以定期定額支出於每個會計年度之承擔餘額中扣除。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets held under finance leases (continued)

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. 主要會計政策(續)

租購合約之資產(續)

所有其他租約均列作經營租約，而年度租金以直線法按有關租期自收益表扣除。

外幣

於有關期間進行之外幣交易，會先按交易日期之匯率換算為港元入賬。以非港元之外幣為單位之貨幣性資產及負債則按結算日之匯率換算為港元。滙兌盈虧均撥入該年度之純利或淨虧損中。

於綜合賬目時，本集團海外附屬公司之資產及負債乃按結算日的匯率換算為港元。本年度的收支項目按平均匯率換算，如有滙兌差額會分類為權益並轉入本集團之外滙兌換儲備中。因經營而引致的外滙兌換差額會於該年度內確認為收入或支出。

稅項

所得稅開支指現時應繳稅款及遞延稅款的總和。

現時應繳稅款乃根據本年度應課稅溢利計算。應課稅溢利與收益表的純利有分別，乃由於應課稅溢利不計入其他年度的應課稅或應扣稅收支項目，並且不計入收益表內部份永不須課稅或扣稅的項目。

遞延稅項預期就財務報表內的資產和負債項目的帳面金額，與用以計算應課稅溢利的相應稅基金額之間差額，所須支付或可收回的稅款，用資產負債表負債法計算。所有應課稅暫時性差額一般均確認為遞延稅項負債，而當可扣稅的暫時性差額有機會供應課稅溢利可使用時，則把有關可扣稅金額確認為遞稅項資產。倘商譽(或負商譽)或就一項交易之其他資產及負債進行之初步確認(除業務合併除外)產生之暫時性差異並無對應課稅溢利及會計溢利構成影響，則該等資產及負債將不會予以確認。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the value of work carried out during the year.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3. 主要會計政策(續)

稅項(續)

於附屬公司的投資所產生的應課稅暫時性差額均確認為遞延稅項負債，惟倘本集團可控制該暫時性差額的逆轉而該暫時性差額於可見將來亦不會逆轉的情況則例外。

遞延稅項資產的帳面值於每個結算日作出檢討，並於應課稅溢利可能不足以供收回全部或部份有關資產的情況下，把有關資產按相應程度扣減。

遞延稅款按預期有關負債了結或有關資產確認期間的稅率計算。遞延稅款在收益表計入或扣除，但直接在股本計入或扣除的項目則除外，在該情況下亦會在股本處理有關的遞延稅項。

存貨

存貨乃以成本或可變現淨值兩者中之較低者入賬，成本包括直接物料、直接工資及將存貨送至現時地點及狀況所需之經營費(如適用)。成本以加權平均法計算。可變現淨值即賣價估值減去完成之估計成本及推銷，發售及分銷所需之成本。

建造合約

若能可靠地預測建造合約成果時，合約成本乃按於結算日合約活動之完成階段計入於收益表內，並以該年度已完成工程之價值計算。

若不能可靠地預測建造合約成果時，合約成本於其發生之期間獲確認為開支。

在總合約成本有可能超越總合約收入時，預期之虧損須即時確認為開支。

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts (continued)

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade and other receivables.

Retirement benefits scheme

Payments to Mandatory Provident Fund Scheme are charged as an expense as they fall due.

4. TURNOVER

Turnover represents the sales value of goods supplied to customers and service revenue from interior building works, and is analysed as follows:

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Sales of furniture and fixtures	188,386	107,815
Service revenue from interior building works	79,846	97,940
	268,232	205,755

3. 主要會計政策(續)

建造合約(續)

若建造合約之當時所有已發生成本加上已確認溢利扣除已確認虧損超越按進度付款項，則餘額以應收客戶之建造合約款項呈列。若按進度付款項超逾建造合約成本加上已確認溢利扣除已確認虧損，則餘額以應付客戶之建造合約款項呈列。若在有關之工程開始前收到之任何金額，必須在資產負債表內負債項目中之預付款項入賬。若已開發票收取客戶已完成工程款，但客戶仍未付，則有關款項在資產負債表以應收賬項及其他應收賬項入賬。

退休金計劃

到期之強制性公積金供款會以支出入賬。

4. 營業額

營業額指貨品供應給客戶之銷售價值，以及提供室內裝飾工程之服務收入分析如下：

	本集團	
	二零零四年 千港元	二零零三年 千港元
傢俬及裝置銷售	188,386	107,815
提供室內裝飾工程服務所得之收入	79,846	97,940
	268,232	205,755

Notes to the Financial Statements

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is mainly engaged in the sales of furniture and fixtures and interior building works. This is the basis on which the Group reports its primary segment information.

Business segments

	2004		2003	
	Consolidated turnover HK\$'000	Contribution to operating profit (loss) HK\$'000	Consolidated turnover HK\$'000	Contribution to operating profit (loss) HK\$'000
Sales of furniture and fixtures	188,386	20,086	107,815	(5,623)
Interior building works	79,846	(16,384)	97,940	(62,063)
Total	268,232	3,702	205,755	(67,686)
Other operating income		3,764		2,103
Unallocated corporate expenses		(19)		(973)
Profit (loss) from operations		7,447		(66,556)
Finance costs		(2,360)		(2,819)
Profit (loss) before taxation		5,087		(69,375)
Taxation (charge) credit		(2,728)		939
Profit (loss) before minority interest		2,359		(68,436)

5. 業務及地域劃分資料

本集團主要從事傢俬及裝置銷售及室內裝飾工程，本集團亦以此為基本劃分資料報告。

業務劃分

	二零零四年		二零零三年	
	綜合營業額 千港元	經營業務 溢利(虧損) 千港元	綜合營業額 千港元	經營業務 溢利(虧損) 千港元
傢俬及裝置銷售	188,386	20,086	107,815	(5,623)
室內裝飾工程	79,846	(16,384)	97,940	(62,063)
合計	268,232	3,702	205,755	(67,686)
其他經營收益		3,764		2,103
未分配之公司開支		(19)		(973)
經營溢利(虧損)		7,447		(66,556)
財務成本		(2,360)		(2,819)
除稅前溢利(虧損)		5,087		(69,375)
稅項(扣除)入賬		(2,728)		939
未計少數股東權益前溢利(虧損)		2,359		(68,436)

Notes to the Financial Statements

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

Balance sheet

	2004			2003		
	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000	Con- solidated HK\$'000	Sales of furniture and fixtures HK\$'000 (restated)	Interior building works HK\$'000 (restated)	Con- solidated HK\$'000 (restated)
ASSETS						
Segment assets	190,972	68,000	258,972	133,930	155,771	289,701
Unallocated corporate assets			1,405			1,893
Consolidated total assets			260,377			291,594
LIABILITIES						
Segment liabilities	30,326	14,747	45,073	24,309	29,667	53,976
Unallocated corporate liabilities			35,163			59,840
Consolidated total liabilities			80,236			113,816

Other information

	2004		2003	
	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000	Sales of furniture and fixtures HK\$'000	Interior building works HK\$'000
Capital additions	7,946	2,445	1,919	1,220
Depreciation and amortisation	13,248	4,890	11,083	8,410
Allowance for bad and doubtful debts	4	4,300	-	10,352
Allowance for amounts due from customers for contract work	-	1,000	-	31,479

5. 業務及地域劃分資料(續)

業務劃分(續)

資產負債表

	二零零四年			二零零三年		
	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元	綜合 千港元	傢俬及 裝置銷售 千港元 (重列)	室內裝飾 工程 千港元 (重列)	綜合 千港元 (重列)
資產						
分類資產	190,972	68,000	258,972	133,930	155,771	289,701
未分類公司資產			1,405			1,893
綜合總資產			260,377			291,594
負債						
分類負債	30,326	14,747	45,073	24,309	29,667	53,976
未分類公司負債			35,163			59,840
綜合總負債			80,236			113,816

其他資料

	二零零四年		二零零三年	
	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元	傢俬及 裝置銷售 千港元	室內裝飾 工程 千港元
資產開支	7,946	2,445	1,919	1,220
折舊及攤銷	13,248	4,890	11,083	8,410
呆壞賬準備	4	4,300	—	10,352
應收客戶之建造合約款項準備	—	1,000	—	31,479

Notes to the Financial Statements

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2004	2003
	HK\$'000	HK\$'000
America	127,470	58,498
Hong Kong SAR	94,559	96,755
Mainland China	21,363	31,850
Other countries in Asia	12,567	14,882
Europe	12,273	570
Others	-	3,200
	268,232	205,755

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	143,932	201,076	9,400	2,927
Hong Kong SAR	89,632	84,963	205	51
Other countries in Asia	1,632	2,421	425	161
America	23,776	-	361	-
Unallocated	1,405	3,134	-	-
	260,377	291,594	10,391	3,139

5. 業務及地域劃分資料(續)

地域劃分

下表所載列之分析是根據銷售地域而作出的，並沒有考慮產品／服務的原產地域：

	按地域市場劃分的營業額	
	二零零四年 千港元	二零零三年 千港元
美洲	127,470	58,498
香港特別行政區	94,559	96,755
中國內地	21,363	31,850
亞洲其他國家	12,567	14,882
歐洲	12,273	570
其他	—	3,200
	268,232	205,755

下表所載列之分析是按其所在地域劃分的賬面值分類資產，物業、廠房、設備的資產開支：

	賬面值 分類資產		物業、廠房 及設備 的資產開支	
	二零零四年 千港元	二零零三年 千港元	二零零四年 千港元	二零零三年 千港元
中國內地	143,932	201,076	9,400	2,927
香港特別行政區	89,632	84,963	205	51
亞洲其他國家	1,632	2,421	425	161
美洲	23,776	—	361	—
未分類	1,405	3,134	—	—
	260,377	291,594	10,391	3,139

Notes to the Financial Statements

6. OTHER OPERATING INCOME

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Exchange gain	60	586
Interest income	193	113
Gain on disposal of property, plant and equipment	186	-
Dividend income	1,373	-
Sundry income	631	246
Rental income	1,321	1,158
	3,764	2,103

7. PROFIT (LOSS) FROM OPERATIONS

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Auditors' remuneration	708	660
Depreciation and amortisation		
Owned assets	17,532	16,606
Assets held under finance leases	606	2,887
Staff costs:		
Directors' remuneration (note 9)	9,932	9,610
Salaries and allowances	46,014	51,869
Other retirement benefit scheme contributions	1,846	1,608
	57,792	63,087
Loss on disposal of property, plant and equipment	-	369
Operating lease rentals paid in respect of rented properties	4,121	6,312
Licence and royalty fees	568	436

6. 其他經營收益

	本集團	
	二零零四年 千港元	二零零三年 千港元
滙兌收益	60	586
利息收入	193	113
出售物業、廠房及設備之收益	186	—
股息收入	1,373	—
其他收入	631	246
租金收入	1,321	1,158
	3,764	2,103

7. 經營溢利(虧損)

	本集團	
	二零零四年 千港元	二零零三年 千港元
經營溢利(虧損)已扣除下列項目：		
核數師酬金	708	660
折舊及攤銷		
自置資產	17,532	16,606
租購合約之資產	606	2,887
員工成本：		
董事酬金(附註9)	9,932	9,610
薪金及津貼	46,014	51,869
退休金供款	1,846	1,608
	57,792	63,087
出售物業、廠房及設備之虧損	—	369
承租物業之經營租約費用	4,121	6,312
特許牌照及專利費用	568	436

Notes to the Financial Statements

8. FINANCE COSTS

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,058	2,063
Finance leases	302	756
	<u>2,360</u>	<u>2,819</u>

9. DIRECTORS' EMOLUMENTS

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Fee to independent non-executive directors	<u>100</u>	<u>100</u>
Other emoluments to executive directors:		
– Salaries and other benefits	9,482	9,160
– Contributions to retirement benefits schemes	350	350
	<u>9,832</u>	<u>9,510</u>
Total emoluments	<u>9,932</u>	<u>9,610</u>

The emoluments of the directors were within the following bands.

	Number of directors	
	2004	2003
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	4	4
HK\$1,500,001 to HK\$2,000,000	3	3
	<u>9</u>	<u>9</u>

The five highest paid individuals of the Group in 2004 and 2003 were all directors of the Company and details of their emoluments are included above.

8. 財務成本

	本集團	
	二零零四年 千港元	二零零三年 千港元
利息：		
於五年內到期償還之銀行貸款	2,058	2,063
租購合約	302	756
	<u>2,360</u>	<u>2,819</u>

9. 董事酬金

	本集團	
	二零零四年 千港元	二零零三年 千港元
獨立非執行董事之袍金	<u>100</u>	<u>100</u>
執行董事之酬金		
薪金及其他福利	9,482	9,160
退休金供款	350	350
	<u>9,832</u>	<u>9,510</u>
酬金總額	<u>9,932</u>	<u>9,610</u>

酬金在以下範圍內的董事數目如下：

	董事數目	
	二零零四年	二零零三年
無 – 1,000,000港元	2	2
1,000,001港元 – 1,500,000港元	4	4
1,500,001港元 – 2,000,000港元	3	3
	<u>9</u>	<u>9</u>

本集團於二零零四及二零零三年度，五位最高酬金人士均為本公司董事，其酬金已包括如上。

Notes to the Financial Statements

10. TAXATION (CHARGE) CREDIT

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000 (restated)
Hong Kong Profits Tax		
– current year	(488)	(23)
– underprovision in prior years	-	(11)
	(488)	(34)
Deferred taxation (note 26)		
– current year	(1,909)	973
– attributable to a change in tax rate	(331)	-
	(2,240)	973
	(2,728)	939

The provision for Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profits for the year. In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of current and deferred tax balances at 31 March 2004.

The provision of tax of a factory in the People's Republic of China (the "PRC") is estimated by applying the prevailing tax rate on the cost of production incurred during the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

10. 稅項(扣除)入賬

	本集團	
	二零零四年 千港元	二零零三年 千港元 (重列)
香港利得稅		
本年度	(488)	(23)
已往年度低額準備	—	(11)
	<u>(488)</u>	<u>(34)</u>
遞延稅項(附註26)		
本年度	(1,909)	973
因稅率改變所引致	(331)	—
	<u>(2,240)</u>	<u>973</u>
	<u>(2,728)</u>	<u>939</u>

香港利得稅準備乃根據稅率17.5%(二零零三年：16%)就本年度之估計應課稅溢利計算。於二零零三年六月，香港利得稅率由16%增至17.5%，於二零零三年／二零零四年課稅年度開始生效，此增加之影響已於計算二零零四年三月三十一日之現時及遞延稅項時反映。

為中華人民共和國內之工廠作出稅項準備乃根據估計之適用稅率按該年度之生產成本計算。

其他管轄地區的稅項，則根據有關地區之適用稅率計算。

Notes to the Financial Statements

10. TAXATION (CHARGE) CREDIT (continued)

The taxation (charge) credit for the year can be reconciled to the profit (loss) before taxation per the income statement as follows:

	2004	2003
	HK\$'000	HK\$'000
Profit (loss) before taxation	5,087	(69,375)
Tax at the domestic income tax rate of 17.5% (2003: 16%)	890	(11,100)
Tax effect of expenses not deductible for tax purpose	26	57
Tax effect of income not taxable for tax purpose	(242)	(189)
Underprovision in respect of prior year	-	11
Tax effect of deferred tax assets not recognised	4,667	11,845
Utilisation of deferred tax assets previously not recognised	(2,826)	-
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	331	-
Tax effect of a factory in PRC	(88)	(1,490)
Others	(30)	(73)
Taxation (charge) credit	2,728	(939)

Details of deferred taxation are set out in note 26.

10. 稅項(扣除)入賬(續)

本年度稅項(扣除)入賬可與收益表內之稅前溢利(虧損)配合如下：

	二零零四年 千港元	二零零三年 千港元
稅前溢利(虧損)	5,087	(69,375)
按本地利得稅稅率17.5%徵稅(二零零三年：16%)	890	(11,100)
支出不可用作扣稅之稅務影響	26	57
收入不用徵稅之稅務影響	(242)	(189)
以往年度的低額準備	—	11
未確認之遞延稅項資產之稅務影響	4,667	11,845
使用先前未確認之遞延稅項資產	(2,826)	—
因稅率之增加引致期初遞延稅務負債之增加	331	—
中華人民共和國內之工廠之稅務影響	(88)	(1,490)
其他	(30)	(73)
稅項(扣除)入賬	2,728	(939)

遞延稅項之詳情列於附註26。

Notes to the Financial Statements

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000 (restated)
Earnings (loss) for the year	2,363	(68,436)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	200,000	200,000

The adjustment to comparative basic loss per share, arising from the changes in accounting policies shown in note 2 above, is as follows:

	Basic HK cents
Reconciliation of 2003 loss per share:	
Reported figures before adjustments	34.57
Adjustments arising from the adoption of SSAP 12 (Revised)	(0.35)
Restated	<u>34.22</u>

No diluted earnings (loss) per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for both 2004 and 2003.

11. 每股盈利(虧損)

每股基本及攤薄盈利(虧損)乃根據以下數據計算：

	本集團	
	二零零四年 千港元	二零零三年 千港元 (重列)
本年度盈利(虧損)	2,363	(68,436)
	千股	千股
股份數量		
用以計算每股基本盈利(虧損)之加權平均股份數量	200,000	200,000

因附註2中會計政策之改變引致每股基本虧損之比較數字的調整如下：

	基本 港仙
二零零三年每股虧損之計算：	
之前未經調整所報之數字	34.57
因採納會計實務準則第12條(經修訂)而引致之調整	(0.35)
重列	34.22

因公司購股權之行使價較二零零四年及二零零三年之平均市價為高，故未有列出每股之攤薄盈利(虧損)。

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improve- ments	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP							
COST							
At 1 April 2003	33,422	50,832	111,094	6,083	13,346	4,869	219,646
Acquired on acquisition of a subsidiary	-	-	-	-	61	-	61
Additions	1,961	1,617	4,039	371	2,044	298	10,330
Disposals	-	-	(1,775)	(434)	(153)	-	(2,362)
At 31 March 2004	35,383	52,449	113,358	6,020	15,298	5,167	227,675
DEPRECIATION AND AMORTISATION							
At 1 April 2003	10,178	29,895	54,367	4,896	6,976	4,119	110,431
Charge for the year	1,619	3,917	10,103	600	1,517	382	18,138
Eliminated on disposals	-	-	(1,509)	(432)	(52)	-	(1,993)
At 31 March 2004	11,797	33,812	62,961	5,064	8,441	4,501	126,576
NET BOOK VALUES							
At 31 March 2004	23,586	18,637	50,397	956	6,857	666	101,099
At 31 March 2003	23,244	20,937	56,727	1,187	6,370	750	109,215

All land and buildings of the Group are located in the PRC under medium-term leases. The Group is granted the right to use the land, including construction of buildings thereon, until 2018.

The net book values of property, plant and equipment of the Group includes an amount of approximately HK\$4,479,000 (2003: HK\$20,456,000) in respect of assets held under finance leases.

At 31 March 2004, land and buildings of the Group with net book value of approximately HK\$7,179,000 (2003: HK\$7,692,000) were pledged with a bank to secure a loan granted to the Group.

12. 物業、廠房及設備

	土地及樓宇 千港元	租賃物業 裝修 千港元	廠房及 機器 千港元	電腦設備 千港元	傢俬及 裝置 千港元	汽車 千港元	總額 千港元
本集團							
成本							
於二零零三年四月一日	33,422	50,832	111,094	6,083	13,346	4,869	219,646
收購附屬公司	—	—	—	—	61	—	61
添置	1,961	1,617	4,039	371	2,044	298	10,330
出售	—	—	(1,775)	(434)	(153)	—	(2,362)
	35,383	52,449	113,358	6,020	15,298	5,167	227,675
於二零零四年							
三月三十一日	35,383	52,449	113,358	6,020	15,298	5,167	227,675
折舊及攤銷							
於二零零三年四月一日	10,178	29,895	54,367	4,896	6,976	4,119	110,431
本年度提備	1,619	3,917	10,103	600	1,517	382	18,138
出售撥回	—	—	(1,509)	(432)	(52)	—	(1,993)
	11,797	33,812	62,961	5,064	8,441	4,501	126,576
於二零零四年							
三月三十一日	11,797	33,812	62,961	5,064	8,441	4,501	126,576
賬面淨值							
於二零零四年							
三月三十一日	23,586	18,637	50,397	956	6,857	666	101,099
於二零零三年							
三月三十一日	23,244	20,937	56,727	1,187	6,370	750	109,215

本集團所擁有之土地及樓宇皆在中華人民共和國，並根據中期租約持有。本集團獲授可使用土地（包括於其上興建樓宇）之權利，直止二零一八年。

本集團按租購合約之物業、廠房及設備之總賬面淨值約為4,479,000港元（二零零三年：20,456,000港元）。

於二零零四年三月三十一日，賬面淨值約為7,179,000港元（二零零三年：7,692,000港元）之土地及樓宇，已抵押給一間銀行，作為給予本集團貸款之抵押。

Notes to the Financial Statements

13. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	HK\$'000	HK\$'000
Unlisted shares, at cost	170,160	170,160
Impairment loss	(55,000)	(55,000)
	115,160	115,160

Details of the Company's subsidiaries at 31 March 2004 are as follows:

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activity
			Directly	Indirectly	
Decca Investment Limited	British Virgin Islands	10,000 shares of US\$1 each	100%	-	Investment holding
Decca (Mgt) Limited ("DML")	Hong Kong	10 ordinary shares of HK\$100 each 145,600 non-voting deferred shares of HK\$100 each (Note 1)	-	100%	Management services
Decca Limited	Hong Kong	2 ordinary shares of HK\$1 each	-	100%	Interior decoration works
Decca (HK) Limited	Hong Kong	2 ordinary shares of HK\$1 each	-	100%	Trading of furniture

13. 附屬公司之投資

	本公司	
	二零零四年 千港元	二零零三年 千港元
非上市股份(成本)	170,160	170,160
減值虧損	(55,000)	(55,000)
	115,160	115,160

以下為本公司於二零零四年三月三十一日之附屬公司之詳情：

公司名稱	註冊／成立 及營運地點	已發行／ 註冊資本	本公司應佔已發行／ 註冊資本百分比		主要業務
			直接	間接	
Decca Investment Limited	英屬處女群島	10,000股 每股面值1美元	100%	—	投資控股
達藝室內工程(管理) 有限公司 (「香港達藝」)	香港	10股普通股 每股面值100港元 145,600每股面值 100港元之無投票權 遞延股份(附註1)	—	100%	管理服務
達藝室內工程 有限公司	香港	2股普通股 每股面值1港元	—	100%	提供室內裝修 工程
達藝(香港)有限公司	香港	2股普通股 每股面值1港元	—	100%	傢俬買賣

Notes to the Financial Statements

13. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activity
			Directly	Indirectly	
Decca (China) Limited	Hong Kong	100,000 shares of HK\$1 each	-	100%	Provision of subcontracting services to group companies
Decca Furniture Limited	Hong Kong	100,000 shares of HK\$1 each	-	100%	Trading of furniture
HBF (HK) Limited	Hong Kong	10,000 shares of HK\$1 each	-	100%	Trading of furniture
Decca Overseas (S) Pte Ltd	Singapore	2 shares of SG\$1 each	-	100%	Trading of furniture
HBF Showroom Pte Ltd	Singapore	750,000 shares of SG\$1	-	100%	Trading of furniture
Decca Furniture (USA) Inc. ("DF(USA)")	United States of America ("USA")	10,000 shares of US\$0.01 each	-	100%	Investment holding
Decca Hospitality Furnishings, LLC ("DHF")	State of North Carolina	Capital contribution of US\$154,285.71	-	100%	Trading of furniture
Decca Contract Furniture, LLC	State of North Carolina	Capital contribution of US\$1,000	-	100%	Trading of furniture
Bolier & Company LLC	State of North Carolina	Capital contribution of US\$1,000	-	55%	Trading of furniture

13. 附屬公司之投資 (續)

公司名稱	註冊／成立 及營運地點	已發行／ 註冊資本	本公司應佔已發行／ 註冊資本百分比		主要業務
			直接	間接	
達藝室內設計工程 (中國)有限公司	香港	100,000股 每股面值1港元	—	100%	向集團公司 提供加工服務
達藝傢具有限公司	香港	100,000股 每股面值1港元	—	100%	傢俬買賣
HBF (HK) Limited	香港	10,000股 每股面值1港元	—	100%	傢俬買賣
Decca Overseas (S) Pte Ltd	新加坡	2股 每股面值1新加坡元	—	100%	傢俬買賣
HBF Showroom Pte Ltd	新加坡	750,000股 每股面值1新加坡元	—	100%	傢俬買賣
Decca Furniture (USA) Inc. (「DF (USA)」)	美國	10,000股 每股面值0.01美元	—	100%	投資控股
Decca Hospitality Furnishings, LLC (「DHF」)	北卡羅萊納州	注入資本 154,285.71美元	—	100%	傢俬買賣
Decca Contract Furniture, LLC	北卡羅萊納州	注入資本 1,000美元	—	100%	傢俬買賣
Bolier & Company LLC	北卡羅萊納州	注入資本 1,000美元	—	55%	傢俬買賣

Notes to the Financial Statements

13. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation/ establishment and operations	Nominal value of issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activity
			Directly	Indirectly	
東莞達藝傢俬有限公司 (Note 2)	PRC	HK\$50,000,000	-	100%	Manufacture of furniture and decoration materials
東莞益新傢俬裝飾有限公司 (Note 3)	PRC	HK\$3,600,000	-	100%	Manufacture of furniture and provision of after-sale services

Notes:

- (1) The shareholders of the non-voting deferred shares are only entitled to dividends when the total dividends declared by DML for any financial year exceeding \$1 trillion and, in the case of winding up of DML, are only entitled to receive a return of assets when the total value of assets of DML for distribution exceeding \$5 billion.
- (2) A wholly foreign owned enterprise established under the laws of PRC.
- (3) A co-operative joint venture established under the laws of PRC.

13. 附屬公司之投資(續)

公司名稱	註冊／成立 及營運地點	已發行／ 註冊資本	本公司應佔已發行／ 註冊資本百分比		主要業務
			直接	間接	
東莞達藝傢俬有限公司 (附註2)	中華人民共和國	50,000,000港元	—	100%	傢俬及 裝修材料製造
東莞益新傢俬裝飾有限公司 (附註3)	中華人民共和國	3,600,000港元	—	100%	傢俬製造及提供 銷售後服務

附註：

1. 香港達藝無投票權延遞股份之持有人只於香港達藝在某一財政年度宣佈分派之股息超逾10,000億港元時方可獲派股息。如香港達藝清盤，則此等股份之持有人只有在香港達藝之可分派資產值超逾50億港元方可獲得發還資產。
2. 在中華人民共和國法律下成立之外資企業。
3. 在中華人民共和國法律下成立之中外合作經營企業。

Notes to the Financial Statements

14. INVESTMENT IN AN ASSOCIATE

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	—	—

At 31 March 2004, the Group had interests in the following associate:

Name of entity	Form of business structure	Place of incorporation and operations	Class of share held	Proportion of nominal value of issued capital indirectly held by the Company %	Nature of business
Vielle Flooring Limited	Incorporated	Hong Kong	Ordinary	50	Manufacturing of wooden flooring

The Group's entitlement to share in the profits of its associate is in proportion to its ownership interest.

15. INVESTMENT SECURITIES

THE GROUP

At 31 March 2003, the amount represented 30% equity interests in DHF, a company organised pursuant to the North Carolina Limited Liability Company Act, held by DF(USA).

Pursuant to an operating agreement signed among DF(USA) and the other two members of DHF on 19 October 2002, the two other members of DHF could make the final decisions on behalf of DHF and they must jointly agree as to any decisions concerning DHF's sales, distribution and financial policies. The directors of the Company considered that DF(USA) did not have any significant influence over any DHF's affairs, and accordingly, the investments in DHF was classified as investment securities at 31 March 2003.

Pursuant to the Membership Interest Redemption Agreement dated 29 September 2003 entered into between DF(USA) and the other two members of DHF, the 70% membership interest held by the two members of DHF were redeemed and their share of the accumulated profits of DHF from date of establishment to 29 September 2003 were distributed back to the two members. Thereafter, DF(USA) is the sole member in DHF and DHF becomes the wholly owned subsidiary of the Group.

14. 聯營公司之投資

	本集團	
	二零零四年 千港元	二零零三年 千港元
所佔淨資產部份	—	—

於二零零四年三月三十一日，本集團於下列聯營公司之權益：

公司名稱	商業結構方式	註冊及 營運地點	擁有 股份類別	本公司間接 擁有發行資本 之面值之比例 %	業務形式
維埃里地板有限公司	註冊公司	香港	普通股	50	木製地板生產

本集團應佔聯營公司的溢利與其所擁有之權益成正比。

15. 投資證券

本集團

於二零零三年三月三十一日，此乃代表在DHF之30%權益，此公司是根據North Carolina Limited Liability Company Act成立由DF (USA)所擁有。

根據DF (USA)及DHF另外兩位股東於二零零二年十月十九日所簽之經營協議，該兩位DHF之股東可代表DHF作出最後決定，他們須聯合同意有關DHF之營業、分銷及財務政策之決定。本公司的董事會考慮到DF(USA)對DHF之業務並無重大的影響，故於二零零三年三月三十一日將在DHF之投資分類為投資證券。

根據於二零零三年九月二十九日由DF(USA)及其他兩位DHF之股東所訂立之贖回股東權益協議，贖回該兩位DHF股東所持有70%的股東權益及將DHF由成立至二零零三年九月二十九日所累積之溢利按比例分發給該兩位股東。此後DF(USA)成為DHF唯一股東而DHF成為本集團之全資附屬公司。

Notes to the Financial Statements

16. INVENTORIES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Raw materials	27,216	29,156
Work in progress	21,174	12,353
Finished goods	4,351	3,862
	<u>52,741</u>	<u>45,371</u>

Included in inventories are raw materials of approximately HK\$1,942,000 (2003: HK\$994,000) and finished goods of approximately HK\$104,000 (2003: HK\$583,000) which are carried at net realisable value.

17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Contracts in progress at the balance sheet date		
Contract costs incurred plus recognised profits less		
recognised losses	106,912	300,482
Less: Progress billings	(99,030)	(237,133)
	<u>7,882</u>	<u>63,349</u>
Analysed for reporting purpose as:		
Due from customers included in current assets	9,102	64,667
Due to customers included in current liabilities	(1,220)	(1,318)
	<u>7,882</u>	<u>63,349</u>

At 31 March 2004, there were approximately HK\$2,927,000 (2003: HK\$14,082,000) retention monies held by customers for contract work performed and there were no advances received from customers for contract work performed for both years.

16. 存貨

	本集團	
	二零零四年 千港元	二零零三年 千港元
原料	27,216	29,156
在製品	21,174	12,353
製成品	4,351	3,862
	<u>52,741</u>	<u>45,371</u>

存貨包括約值1,942,000港元(二零零三年：994,000港元)之原料及約值104,000港元(二零零三年：583,000港元)之製成品，是以可變現淨值入賬。

17. 應收(應付)客戶之建造合約款項

	本集團	
	二零零四年 千港元	二零零三年 千港元
於結算日之在建中合約工程		
合約成本加已確認溢利及減已確認虧損	106,912	300,482
減：按進度付款項	(99,030)	(237,133)
	<u>7,882</u>	<u>63,349</u>
作報告之用的分析如下：		
應收客戶款項已包括在流動資產內	9,102	64,667
應付客戶款項已包括在流動負債內	(1,220)	(1,318)
	<u>7,882</u>	<u>63,349</u>

於二零零四年三月三十一日，本集團之客戶就合約工程而持有保固金約為2,927,000港元(二零零三年：14,082,000港元)，而本集團在上述兩個年度並無從客戶就合約工程而收取預付款項。

Notes to the Financial Statements

18. AMOUNT DUE FROM AN ASSOCIATE

The amount is unsecured, interest free and have no fixed terms of repayment.

19. AMOUNT DUE FROM AN INVESTEE COMPANY

The amount is arose from trade and an aged analysis of the balance at the reporting date is as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 90 days	-	6,391
> 90 days	-	2,059
	<u>-</u>	<u>8,450</u>

The credit term granted to the investee company is 30 days.

20. TRADE DEBTORS

The following is an aged analysis of trade debtors at the reporting date:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 90 days	23,124	15,336
> 90 days	27,191	22,399
	<u>50,315</u>	<u>37,735</u>

The Group's credit terms for its contracting business are negotiated with, and entered into under, normal commercial terms with its customers. The credit terms granted by the Group to other trade debtors are normally 30 days.

18. 應收聯營公司賬項

該賬項並無抵押，免利息及無固定還款條文。

19. 應收被投資公司賬項

該賬項是由貿易產生，其賬齡於結算日之分析如下：

	本集團	
	二零零四年 千港元	二零零三年 千港元
零至九十天	—	6,391
九十天以上	—	2,059
	<u>—</u>	<u>8,450</u>
	—	8,450

給予被投資公司之信貸數期為30天。

20. 應收貿易賬項

於結算日之應收貿易賬項的賬齡分析如下：

	本集團	
	二零零四年 千港元	二零零三年 千港元
零至九十天	23,124	15,336
九十天以上	27,191	22,399
	<u>50,315</u>	<u>37,735</u>

集團給予合約業務客戶之信貸數期乃經過協商及按正常商業條款制定。集團給予其他貿易賬項之信貸期一般為三十天。

Notes to the Financial Statements

21. TRADE CREDITORS

The following is an aged analysis of trade creditors at the reporting date:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 90 days	10,734	6,120
> 90 days	3,229	6,268
	<u>13,963</u>	<u>12,388</u>

22. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Amounts payable under finance leases				
– within one year	1,562	4,603	1,474	4,393
– after one year but within two years	920	1,027	895	980
– after two years but within five years	-	188	-	184
	<u>2,482</u>	<u>5,818</u>	<u>2,369</u>	<u>5,557</u>
Less: Future finance charges	<u>(113)</u>	<u>(261)</u>	<u>-</u>	<u>-</u>
Present value of lease obligations	<u>2,369</u>	<u>5,557</u>	<u>2,369</u>	<u>5,557</u>
Less: Amount due within one year classified as current liabilities			<u>(1,474)</u>	<u>(4,393)</u>
Amount due after one year			<u>895</u>	<u>1,164</u>

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 years. For the year ended 31 March 2004, the average effective borrowing rate was 5%. Interest rates are fixed at the contract date or stated at prime rate. No arrangement have been entered into for contingent rental payments.

21. 應付貿易賬項

於結算日之應付貿易賬項的賬齡分析如下：

	本集團	
	二零零四年 千港元	二零零三年 千港元
零至九十天	10,734	6,120
九十天以上	3,229	6,268
	<u>13,963</u>	<u>12,388</u>

22. 租購合約承擔

	本集團			
	最低償還額		最低償還額現值	
	二零零四年 千港元	二零零三年 千港元	二零零四年 千港元	二零零三年 千港元
應償還租購合約				
一年內	1,562	4,603	1,474	4,393
一年後至兩年內	920	1,027	895	980
兩年後至五年內	—	188	—	184
	<u>2,482</u>	<u>5,818</u>	<u>2,369</u>	<u>5,557</u>
減：未來之財務費用	<u>(113)</u>	<u>(261)</u>	<u>—</u>	<u>—</u>
租購合約承擔現值	<u>2,369</u>	<u>5,557</u>	<u>2,369</u>	<u>5,557</u>
減：一年內須償還之款額 分類為流動負債			<u>(1,474)</u>	<u>(4,393)</u>
一年後須償還款額			<u>895</u>	<u>1,164</u>

本集團以租購合約形式租賃一些廠房及設備，租賃期平均為三年，在二零零四年三月三十一日止之年度內，平均借貸息率為5%。息率於租約日期固定或以最優惠利率計算。集團並無為或然租賃支出作出安排。

Notes to the Financial Statements

23. BANK BORROWINGS

Bank borrowings comprise the following:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Bank loans	27,013	43,440
Bank overdrafts	-	12,865
	27,013	56,305
Secured	9,434	9,434
Unsecured	17,579	46,871
	27,013	56,305

24. SHARE CAPITAL

	2004 & 2003	
	Number of shares	Nominal value HK\$'000
Share capital		
Ordinary shares of HK\$0.10 each:		
Authorised	400,000,000	40,000
Issued and fully paid	200,000,000	20,000

23. 銀行貸款

銀行貸款包括以下項目：

	本集團	
	二零零四年 千港元	二零零三年 千港元
銀行貸款	27,013	43,440
銀行透支	—	12,865
	27,013	56,305
有抵押	9,434	9,434
無抵押	17,579	46,871
	27,013	56,305

24. 股本

	二零零四及二零零三年	
	股票數量	面值 千港元
股本		
每股面值港幣一角之普通股：		
法定	400,000,000	40,000
已發行及全數繳付	200,000,000	20,000

Notes to the Financial Statements

25. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserves HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP						
At 1 April 2002						
- as originally stated	47,640	18,865	8,662	149	154,745	230,061
- prior year adjustment (see Note 2)	-	-	-	-	(3,847)	(3,847)
- as restated	47,640	18,865	8,662	149	150,898	226,214
Net loss for the year	-	-	-	-	(68,436)	(68,436)
At 1 April 2003	47,640	18,865	8,662	149	82,462	157,778
Net profit for the year	-	-	-	-	2,363	2,363
At 31 March 2004	47,640	18,865	8,662	149	84,825	160,141

	Share premium HK\$'000	Contributed surplus HK\$'000	Deficit HK\$'000	Total HK\$'000
THE COMPANY				
At 1 April 2002	47,640	169,367	(644)	216,363
Net loss for the year	-	-	(55,954)	(55,954)
At 1 April 2003	47,640	169,367	(56,598)	160,409
Net profit for the year	-	-	506	506
At 31 March 2004	47,640	169,367	(56,092)	160,915

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 2000.

Under the Bye-Laws of the Company, the share premium is distributable in the form of fully paid bonus shares.

25. 儲備

	股票溢價 千港元	繳入盈餘 千港元	資本儲備 千港元	儲備 千港元	外匯兌換 滾存溢利 千港元	總額 千港元
本集團						
於二零零二年四月一日						
— 原先所列數字	47,640	18,865	8,662	149	154,745	230,061
— 以往年度調整(見附註2)	—	—	—	—	(3,847)	(3,847)
	<u>47,640</u>	<u>18,865</u>	<u>8,662</u>	<u>149</u>	<u>150,898</u>	<u>226,214</u>
— 重列	47,640	18,865	8,662	149	150,898	226,214
該年度淨虧損	—	—	—	—	(68,436)	(68,436)
	<u>47,640</u>	<u>18,865</u>	<u>8,662</u>	<u>149</u>	<u>82,462</u>	<u>157,778</u>
於二零零三年四月一日	47,640	18,865	8,662	149	82,462	157,778
本年度純利	—	—	—	—	2,363	2,363
	<u>47,640</u>	<u>18,865</u>	<u>8,662</u>	<u>149</u>	<u>84,825</u>	<u>160,141</u>
於二零零四年三月三十一日	47,640	18,865	8,662	149	84,825	160,141
	股票溢價 千港元	繳入盈餘 千港元	赤字 千港元	總額 千港元		
本公司						
於二零零二年四月一日						
該年度淨虧損	47,640	169,367	(644)	216,363	(55,954)	(55,954)
	<u>47,640</u>	<u>169,367</u>	<u>(56,598)</u>	<u>160,409</u>	<u>506</u>	<u>506</u>
於二零零三年四月一日	47,640	169,367	(56,598)	160,409	506	506
本年度純利	—	—	506	506	—	—
	<u>47,640</u>	<u>169,367</u>	<u>(56,092)</u>	<u>160,915</u>		
於二零零四年三月三十一日	47,640	169,367	(56,092)	160,915		

繳入盈餘代表本公司收購附屬公司當日之綜合股東資本與二零零零年本公司股票上市前本集團重組時被收購之公司股票面值。

根據本公司章程細則，股票發行溢價可以已繳足紅股方式分派。

Notes to the Financial Statements

25. RESERVES (continued)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	2004 HK\$'000	2003 HK\$'000
Contributed surplus	169,367	169,367
Deficits	(56,092)	(56,598)
	113,275	112,769

26. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation HK\$'000	THE GROUP Tax losses HK\$'000	Total HK\$'000
At 1 April 2002			
– as previously reported	661	–	661
– adjustment on adoption of SSAP 12 (Revised)	7,832	(3,985)	3,847
– as restated	8,493	(3,985)	4,508
Credit to income statement for the year	(893)	(80)	(973)
At 1 April 2003	7,600	(4,065)	3,535
(Credit) charge to income statement for the year	(614)	2,523	1,909
Effect of change in tax rate	712	(381)	331
At 31 March 2004	7,698	(1,923)	5,775

25. 儲備(續)

根據一九八一年之百慕達公司法(經修訂)，公司之繳入盈餘可派發給股東，在下列情況公司不可以從繳入盈餘中宣派或支付股息：

- (a) 因該支出而引至或將引至於到期日之負債未能償還；或
- (b) 資產之可變現值因而低於負債，已發行股本及股票溢價之總和。

董事會認為，本公司可供分配予股東之儲備如下：

	二零零四年 千港元	二零零三年 千港元
繳入盈餘	169,367	169,367
赤字	(56,092)	(56,598)
	113,275	112,769

26. 遞延稅項

於本年度及以往年度重大遞延稅項負債及資產之確認及變動如下：

	稅項折舊 千港元	本集團 稅項虧損 千港元	總額 千港元
於二零零二年四月一日			
— 以前匯報	661	—	661
— 因採納會計實務準則 第12條(經修訂)之調整	7,832	(3,985)	3,847
	<u>8,493</u>	<u>(3,985)</u>	<u>4,508</u>
— 重列	8,493	(3,985)	4,508
該年度於收益表入賬	(893)	(80)	(973)
	<u>7,600</u>	<u>(4,065)</u>	<u>3,535</u>
於二零零三年四月一日	7,600	(4,065)	3,535
本年度於收益表(入賬)扣除	(614)	2,523	1,909
稅率改變之影響	712	(381)	331
	<u>7,698</u>	<u>(1,923)</u>	<u>5,775</u>
於二零零四年三月三十一日	7,698	(1,923)	5,775

Notes to the Financial Statements

26. DEFERRED TAXATION (continued)

For the purpose of balance sheet presentation, deferred tax assets and liabilities have been offset in accordance with the conditions set out in SSAP 12 (Revised).

At the balance sheet date, the Group has unused tax losses of HK\$116,909,000 (2003: HK\$120,848,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$10,989,000 (2003: HK\$25,406,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$105,920,000 (2003: HK\$95,442,000) due to the unpredictability of future profit streams.

27. ACQUISITION OF A SUBSIDIARY

Pursuant to the Membership Interest Redemption Agreement dated 29 September 2003 entered into between DF(USA) and the other two members of DHF, the 70% membership interest held by the two members of DHF were redeemed and their share of the accumulated profits of DHF from date of establishment to 29 September 2003 were distributed back to the two members. Thereafter, DF(USA) is the sole member in DHF and DHF becomes the wholly owned subsidiary of the Group.

	2004 HK\$'000	2003 HK\$'000
NET ASSETS ACQUIRED:		
Property, plant and equipment	61	–
Trade debtors	26,390	–
Other receivables, deposits and prepayments	474	–
Bank balances and cash	13,204	–
Trade creditors	(30,753)	–
Other creditors and accruals	(8,173)	–
	<hr/>	<hr/>
Investment securities	1,203	–
	<hr/>	<hr/>
Net cash inflow arising on acquisition:		
Bank balances and cash	13,204	–
	<hr/>	<hr/>

The subsidiary acquired during the year contributed HK\$34,219,000 to the Group's turnover and a loss of HK\$364,000 to the Group's profit from operations.

26. 遞延稅項(續)

因應資產負債表的表達方式，遞延稅項資產及負債已按會計實務準則第12條(經修訂)之條件互相抵消。

於資產負債表日，本集團有未使用之稅項虧損116,909,000港元(二零零三年：120,848,000港元)可用來抵消將來溢利，其中有遞延稅項資產中之虧損10,989,000港元已確認(二零零三年：25,406,000港元)，因將來溢利情況未能準確預測，故其餘遞延稅項資產105,920,000港元未予確認(二零零三年：95,442,000港元)。

27. 收購附屬公司

根據於二零零三年九月二十九日由DF(USA)及其他兩位DHF之股東所簽定之贖回股東權益協議，贖回該兩位DHF股東所持有70%的股東權益及將DHF由成立至二零零三年九月二十九日所累積之溢利按比例分發給該兩位股東，此後，DF(USA)成為DHF唯一股東而DHF成為本集團之全資附屬公司。

	二零零四年 千港元	二零零三年 千港元
淨資產收購：		
物業、廠房及設備	61	—
應數貿易賬項	26,390	—
其他應收賬項、按金及預付款項	474	—
銀行結存及現金	13,204	—
應付貿易賬項	(30,753)	—
其他應付賬項及應計費用	(8,173)	—
	<hr/>	<hr/>
投資證券	1,203	—
	<hr/>	<hr/>
收購所得的淨現金流量：		
銀行結存及現金	13,204	—
	<hr/>	<hr/>

本年度收購之附屬公司為集團營業額貢獻34,219,000港元，及為集團之經營溢利帶來364,000港元之虧損。

Notes to the Financial Statements

28. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$1,673,000 (2003: nil).

29. CONTINGENT LIABILITIES

THE GROUP

The Group had no contingent liabilities at 31 March 2004.

At 31 March 2003, there were contingent liabilities in respect of counter-guarantees, amounting to HK\$6,979,000, which was given by a subsidiary in favour of certain banks and insurance companies against any liabilities of these parties arising from non-compliance of the terms of interior building works being undertaken by a subsidiary.

THE COMPANY

- (a) A corporate guarantee of approximately HK\$137,868,000 (2003: HK\$129,000,000) was given to banks to secure general banking facilities granted to the subsidiaries.
- (b) The Company had contingent liabilities in respect of guarantee given to a third party to secure the finance leases granted to a subsidiary. At 31 March 2004, the obligations under finance leases in the books and records of the subsidiary amounted to approximately HK\$1,204,000 (2003: nil).

30. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had future minimum lease payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Within one year	4,642	4,045	1,815	1,815
In the second to fifth year inclusive	7,373	4,366	1,210	3,024
After five years	329	-	-	-
	12,344	8,411	3,025	4,839

Leases are negotiated for an average term of three years and rentals are fixed for the lease period.

28. 重大非現金交易

於本年度，本集團為資產安排租購合約，租購開始時之總資本價為1,673,000港元(二零零三年：無)。

29. 或然負債

本集團

集團於二零零四年三月三十一日並無或然負債。

於二零零三年三月三十一日，有保證之或然負債為6,979,000港元，此乃由附屬公司給予銀行及保險公司，用以承擔因未能依據室內裝飾工程之條文而引發之負債。

本公司

(a) 由於往來銀行給予附屬公司銀行備用信貸，已提供公司保證約137,868,000港元(二零零三年：129,000,000港元)給有關往來銀行。

(b) 本公司因第三者給予附屬公司租購合約而承擔之有保證或然負債。於二零零四年三月三十一日，附屬公司於賬目及紀錄上之租購合約承擔約為1,204,000港元(二零零三年：無)。

30. 經營租約承擔

於結算日，本集團對於以不能取消之經營租約形式租用之物業，其日後最低償還額到期日表列如下：—

	本集團		本公司	
	二零零四年 千港元	二零零三年 千港元	二零零四年 千港元	二零零三年 千港元
一年內	4,642	4,045	1,815	1,815
二至五年內	7,373	4,366	1,210	3,024
五年後	329	—	—	—
	12,344	8,411	3,025	4,839

租約訂定之平均期為三年，租約支出亦於租約期內固定。

Notes to the Financial Statements

31. SHARE OPTION SCHEMES

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 February 2000 for the primary purpose of retaining high calibre executives and employees and the options are exercisable for a period up to 10 years from 23 February 2000. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 March 2004, the number of shares in respect of which options had been granted under the Scheme was 5,000,000, representing 2.5% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed to 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted on 31 August 2001 must be taken up at any time between 1 September 2002 to 31 August 2007, upon payment of HK\$1 as consideration of the grant. The exercise price is determined by the directors of the Company, and will not be less than 80% of the higher of the closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant or such other restrictions as stipulated in the Listing Rules.

The following tables disclosed details of the Company's share options and movements in such holdings during the year:

Date of grant	Outstanding at 1.4.2002	Movement during the year	Outstanding at 31.3.2003	Movement during the year	Outstanding at 31.3.2004
31 August 2001	5,000,000	-	5,000,000	-	5,000,000

32. RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

The employer's contributions to the retirement scheme charged to income statement and the forfeited voluntary contributions credited to the income statement amounted to approximately HK\$2,414,000 (2003: HK\$2,358,000) and HK\$218,000 (2003: HK\$400,000) respectively for the year ended 31 March 2004.

31. 購股權計劃

於二零零零年二月二十三日議決通過採納的本公司之購股權計劃(「股權計劃」)，主要是為保留優秀行政人員及員工而設立的，有關購股權，可於二零零零年二月二十三日起十年內行使。根據股權計劃，董事會可向合資格的員工，包括本公司及其附屬公司的董事，授予認購本公司股份之購股權。

於二零零四年三月三十一日，根據股權計劃而授予的購股權所涉及的股份共為5,000,000股，相當於當天本公司已發行股份的2.5%。根據股權計劃授予之購股權所涉及之股份總額，在未得本公司股東同意前，不得超過本公司當時已發行股份的10%。

於二零零一年八月三十一日所授予之購股權必須於二零零二年九月一日至二零零七年八月三十一日任何時間內被接納，並須繳付港幣一元作為酬金。購股權之行使價由本公司董事釐定，但不得低於授予購股權當日本公司股份之收市價，或之前五個交易日本公司股份收市價之平均值的80%，兩者以較高為準，或上市規則所規定為準。

本公司之購股權之詳情及本年度內之變動披露如下：

授予購股權之日期	於二零零二年 四月一日時 未行使之數量	該年度 內變動	於二零零三年 三月三十一日 未行使之數量	本年度內 之變動	於二零零四年 三月三十一日 未行使之數量
二零零一年八月三十一日	5,000,000	—	5,000,000	—	5,000,000

32. 退休金計劃

本集團對所有合資格之員工提供強制性公積金計劃，計劃中之資產與本集團分開並由受託人管理其基金。本集團將有關員工薪金之5%供入強制性公積金計劃內，員工亦須供相同之款項。

於二零零四年三月三十一日年度止，僱主於退休金計劃之供款在收益表中支付及自願性供款退回之部份計入收益表中的款項分別約為2,414,000港元(二零零三年：2,358,000港元)及218,000港元(二零零三年：400,000港元)。

33. RELATED PARTY TRANSACTIONS

During the year, the Group paid rentals of approximately HK\$1,815,000 (2003: HK\$2,415,000) in respect of the Group's office premises, showrooms and warehouses to a company in which certain shareholders and directors of the Company have beneficial interests.

During the year, the Group received rentals of approximately HK\$133,000 (2003: nil) in respect of the Group's warehouses from an associate.

Rental charges was transacted with reference to the rental rates prevailing in the market.

33. 關連交易

於本年內，集團已支付集團之辦公地方，陳列室、貨倉租金約1,815,000港元(二零零三年：2,415,000港元)給某公司，該公司之某些股東及董事乃本公司之股東及董事。

於本年內，集團將貨倉租予聯營公司而收到租金約133,000港元(二零零三年：無)。

所付租金乃以當時市場之租金作參考。