



## REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries and an associate are set out in notes 14 and 15 to the financial statements respectively.

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 5 to the financial statements.

### MAJOR CUSTOMERS AND SUPPLIERS

Sales and purchases attributable to the Group's five largest customers and suppliers of the Group accounted for less than 30% of the value of the Group's total sales and purchases for the year.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2005 are set out on page 39.

An interim dividend of HK0.8 cent per share was paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK1.4 cents per share to the shareholders on the register of members on 22 August 2005, amounting to HK\$2,800,000, and the retention of the remaining profit for the year.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

董事會謹將截至二零零五年三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

本公司的主要業務為投資控股，而其附屬公司及聯營公司的主要業務則詳載於財務報表附註14及15內。

本公司及其附屬公司於本財政年度按主要業務及經營地區劃分的分析則詳載於財務報表附註5內。

## 主要客戶及供應商

本集團對五大客戶之銷售額及向五大供應商的採購額分別少於本集團本年度之總銷售額及採購總額之30%。

## 業績及分配

本集團截至二零零五年三月三十一日的業績載於第39頁。

本年度已向股東派發中期股息每股0.8港仙。董事會現建議派發末期股息每股1.4港仙，合共2,800,000港元，給予二零零五年八月二十二日名列股東名冊之股東，本年度剩餘之溢利則保留。

## 物業、廠房及設備

本集團於本年度的物業、廠房及設備之變動詳載於財務報表附註13內。



## REPORT OF THE DIRECTORS

### DIRECTORS

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

#### Executive directors:

Mr. Tsang Chi Hung  
Mr. Liu Hoo Kuen  
Mr. Richard Warren Herbst  
Ms. Kwan Yau Choi  
Ms. Fung Sau Mui  
Mr. Tai Wing Wah  
Mr. Wong Kam Hong

#### Independent non-executive directors:

Mr. Chu Kwok Man  
Mr. Lok Wai Kiang, Paul  
Mr. Cheng Woon Kam (appointed on 1 September 2004)

In accordance with Bye-Law 87, Mr. Tai Wing Wah and Mr. Wong Kam Hong retire from the board by rotation and, being eligible, offer themselves for re-election. In accordance with Bye-Law 86(2), Mr. Cheng Woon Kam shall retire from the board and, being eligible, offer himself for re-election.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive directors, Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen, Ms. Kwan Yau Choi, Ms. Fung Sau Mui, Mr. Tai Wing Wah and Mr. Wong Kam Hong, has entered into a service contract with the Company for an initial term of 3 years commencing from 1 February 2000. No new service contracts were signed upon expiration on 31 January 2003 and each service contract will continue thereafter unless terminated by either party thereto giving to the other at least three months' notice in writing. Another executive director, Mr. Richard Warren Herbst, has entered into a new service contract with the Company for a term of 3 years commencing on 1 April 2005.

For the three independent non-executive directors, Mr. Chu Kwok Man, Mr. Lok Wai Kiang, Paul and Mr. Cheng Woon Kam have entered into service contracts with the Company for a term of 2 years commencing on 1 February 2004, 1 September 2003 and 1 September 2004 respectively.

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

本財政年度及截至本報告書日的董事如下：

### 執行董事

曾志雄先生  
廖浩權先生  
Richard Warren Herbst先生  
關有彩女士  
馮秀梅女士  
戴永華先生  
黃錦康先生

### 獨立非執行董事

朱國民先生  
駱偉強先生  
鄭煥錦先生

(於二零零四年九月一日委任)

按照本公司之公司細則第87條所規定，戴永華先生及黃錦康先生輪值退任，彼等均符合資格膺選連任。按照本公司之公司細則第86(2)條所規定，鄭煥錦先生亦需退任，彼符合資格膺選連任。

### 董事之服務合約

各執行董事，包括曾志雄先生，廖浩權先生，關有彩女士，馮秀梅女士，戴永華先生，黃錦康先生，已與本公司簽訂服務合約，由二零零零年二月一日起生效，服務合約首期為三年。因沒有新服務合約於二零零三年一月三十一日合約期滿前簽署，原有之服務合約於期滿後繼續生效，除非其中一方給予另一方最少三個月書面通知終止協議。另一位執行董事Richard Warren Herbst先生已與本公司簽訂為期三年的新服務合約，由二零零五年四月一日起生效。

三位獨立非執行董事包括朱國民先生，駱偉強先生，鄭煥錦先生，已與本公司簽訂服務合約，分別由二零零四年二月一日，二零零三年九月一日及二零零四年九月一日起生效，合約期為兩年。

所有被建議在應屆股東週年大會中連任之董事，概無與本公司或其任何附屬公司訂立不得在一年內被集團終止而無需作出賠償(法定賠償除外)之服務合約。

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2005, the interests of the directors and of their associates in the issued share capital and underlying shares of the Company and its associated corporations, as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code of Securities Transactions by Directors of Listed Companies were as follows:

### Long position

#### (a) Interests in the Company's shares

Name of director	Number of shares of HK\$0.10 each				Percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total	
Mr. Tsang Chi Hung	9,920,827	–	112,511,670 (note 1)	122,432,497	61.22% (note 1)
Mr. Liu Hoo Kuen	8,707,481	–	33,753,501 (note 2)	42,460,982	21.23% (note 2)
Mr. Richard Warren Herbst	589,995	–	–	589,995	0.29%
Ms. Kwan Yau Choi	9,920,827	–	112,511,670 (note 1)	122,432,497	61.22% (note 1)
Ms. Fung Sau Mui	750,000	–	–	750,000	0.38%
Mr. Tai Wing Wah	750,000	–	–	750,000	0.38%
Mr. Wong Kam Hong	589,995	–	–	589,995	0.29%
Mr. Lok Wai Kiang, Paul	–	500,000 (note 3)	–	500,000	0.25%

Notes:

1. Mr. Tsang Chi Hung and his wife Ms. Kwan Yau Choi own 348 shares and 347 shares of US\$1 each respectively of Peasedow Enterprises Limited respectively, representing 35% each of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company. Mr. Tsang Chi Hung, Ms. Kwan Yau Choi and Mr. Liu Hoo Kuen in their names and through Peasedow Enterprises Limited own 141,060,805 shares of the Company in aggregate, representing 70.53% of the issued share capital of the Company.
2. Mr. Liu Hoo Kuen own 305 shares of US\$1 each of Peasedow Enterprises Limited, representing 30% of the issued share capital of that company, which in turn owns 112,511,670 shares of the Company. Mr. Tsang Chi Hung, Ms. Kwan Yau Choi and Mr. Liu Hoo Kuen in their names and through Peasedow Enterprises Limited own 141,060,805 shares of the Company in aggregate, representing 70.53% of the issued share capital of the Company.
3. These shares are held in the name of Ms. Lok Zee Pui Pui, Teresa, the wife of Mr. Lok Wai Kiang, Paul and Mr. Lok Wai Kiang, Paul is deemed to be interested in those shares as family interests.

## 董事之股份及所持相關股份權益

於二零零五年三月三十一日，根據證券及期貨條例第352條，董事及其聯繫人士於本公司及其聯營公司之已發行股本及所持相關股份之權益須存置於登記冊之記錄或根據上市公司公司董事進行證券交易之標準守則，須知會本公司及香港聯合交易所有限公司如下：

### 長倉

#### (a) 於本公司股份之權益

董事姓名	每股面值0.1港元之股份數目				佔本公司 已發行股本 百分比
	個人權益	家族權益	公司權益	總額	
曾志雄先生	9,920,827	—	112,511,670 (附註1)	122,432,497	61.22% (附註1)
廖浩權先生	8,707,481	—	33,753,501 (附註2)	42,460,982	21.23% (附註2)
Richard Warren Herbst先生	589,995	—	—	589,995	0.29%
關有彩女士	9,920,827	—	112,511,670 (附註1)	122,432,497	61.22% (附註2)
馮秀梅女士	750,000	—	—	750,000	0.38%
戴永華先生	750,000	—	—	750,000	0.38%
黃錦康先生	589,995	—	—	589,995	0.29%
駱偉強先生	—	500,000 (附註3)	—	500,000	0.25%

附註：

1. 曾志雄先生及關有彩女士分別持有 Peasedow Enterprises Limited 348股及347股，每股美金1元的股份，即各佔該公司35%的股本，而該公司則持有本公司112,511,670股份。曾志雄先生、關有彩女士及廖浩權先生以其個人名義及透過 Peasedow Enterprises Limited 合共持有本公司141,060,805股份，即佔本公司70.53%的股本。
2. 廖浩權先生持有 Peasedow Enterprises Limited 305股，每股美金1元的股份，佔該公司30%的股本，而該公司則持有本公司112,511,670股份。曾志雄先生、關有彩女士及廖浩權先生以其個人名義及透過 Peasedow Enterprises Limited 合共持有本公司141,060,805股份，即佔本公司70.53%的股本。
3. 該等股份以駱偉強先生之妻子駱徐培培女士名義持有，而駱偉強先生則被視為以家族權益擁有該等股份。

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

### Long position (continued)

#### (b) Personal interests in the Company's share options

Name of director	Exercise price per share option HK\$	Number of options held	underlying shares
Mr. Tsang Chi Hung	0.8	1,000,000	1,000,000
Mr. Liu Hoo Kuen	0.8	1,000,000	1,000,000
Mr. Richard Warren Herbst	0.8	500,000	500,000
Ms. Kwan Yau Choi	0.8	1,000,000	1,000,000
Ms. Fung Sau Mui	0.8	500,000	500,000
Mr. Tai Wing Wah	0.8	500,000	500,000
Mr. Wong Kam Hong	0.8	500,000	500,000
		5,000,000	5,000,000

#### (c) Personal interests in shares of Decca (Mgt) Limited ("DML")

Name of director	Non-voting deferred shares of HK\$100 each
Mr. Tsang Chi Hung	48,650
Mr. Liu Hoo Kuen	42,700
Ms. Kwan Yau Choi	48,650

#### Notes:

- As at 31 March 2005, the issued and fully paid share capital in DML comprised of 145,600 non-voting deferred shares and 10 ordinary shares of HK\$100 each.
- The rights and restrictions attached to the ordinary and non-voting deferred shares of HK\$100 each in DML are as follows:
  - The profits which DML may determine to distribute in respect of any financial year shall be distributed as regards the first HK\$1 trillion thereof of among the holders of ordinary shares of DML according to the amounts paid up on the ordinary shares of DML held by them respectively and one half of the balance of such profits shall be distributed among the holders of the non-voting deferred shares of DML and the other half among the holders of ordinary shares of DML according to the amounts paid up on the shares held by them respectively.
  - On a return of assets on winding up, the assets of DML to be returned shall be distributed as regards the first HK\$5 billion thereof among the holders of ordinary shares of DML in proportion to the nominal amounts of ordinary shares of DML held by them respectively and one half of the balance of such assets shall belong to and be distributed among the holders of the non-voting deferred shares of DML and the other half among the holders of ordinary shares of DML in proportion to the nominal amounts of the shares held by them respectively.
  - Every holder of ordinary shares of DML shall have one vote for every fully paid up ordinary share of DML held by him but the non-voting deferred shares of DML shall not entitle the holders thereof to vote at any general meeting of DML.

Save for disclosed above, none of the directors nor their associates held office at 31 March 2005 had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at that date.

董事之股份及所持相關股份權益(續)

長倉(續)

(b) 於公司購股權之個人權益

董事姓名	購股權行使價 港元	持有購股權 數目	所持相關 股份數目
曾志雄先生	0.8	1,000,000	1,000,000
廖浩權先生	0.8	1,000,000	1,000,000
Richard Warren Herbst先生	0.8	500,000	500,000
關有彩女士	0.8	1,000,000	1,000,000
馮秀梅女士	0.8	500,000	500,000
戴永華先生	0.8	500,000	500,000
黃錦康先生	0.8	500,000	500,000
		5,000,000	5,000,000

(c) 於達藝室內工程(管理)有限公司(「香港達藝」)之個人權益

董事姓名	每股面值100港元 無投票權遞延股份
曾志雄先生	48,650
廖浩權先生	42,700
關有彩女士	48,650

附註：

1. 於二零零五年三月三十一日，香港達藝之已發行及全付股本包括145,600股無投票權遞延股份及10股每股100港元之普通股份。
2. 香港達藝之普通股份及每股100港元無投票權遞延股份的權利及限制如下：
  - (a) 香港達藝之普通股份股東可於任何財政年度按比例先獲分派首10,000億港元溢利。其餘溢利之一半則按比例分派給香港達藝之無投票權遞延股份之股東及另一半也按比例分派給香港達藝之普通股份股東。
  - (b) 如香港達藝清盤及退還資產，香港達藝之普通股股東可按比例獲分派首50億港元之資產。餘下一半之資產會按比例分派給香港達藝無投票權遞延股份之股東及另一半也按比例分派給香港達藝之普通股份股東。
  - (c) 每一位香港達藝之普通股份股東可按每股全付之普通股份於香港達藝之任何股東大會享有一票投票權而香港達藝之無投票權遞延股份之股東則無投票權。

除上文所披露外，於二零零五年三月三十一日，本公司之董事或其聯繫人士並無於本公司或其任何聯繫公司之股份，所持相關股份及債券有任何權益或短倉。



### SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 31 to the financial statements.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for disclosed above in "directors' interests in shares and underlying shares", at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors 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

Save for disclosed above in "directors' interests in shares and underlying shares", the Company has not been notified of any interests or short positions in the share capital of the Company as at 31 March 2005 which is required to be recorded in the register as required to be kept under section 336 of the Securities and Futures Ordinance.

### CONNECTED TRANSACTIONS

The Group has entered into tenancy agreements (the "Agreements") with Golden Life Investment Limited ("Golden Life") on 1 December 2002. The transactions pursuant to the Agreements constituted connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as Mr. Tsang Chi Hung, Mr. Liu Hoo Kuen and Ms. Kwan Yau Choi, directors of the Company, are also directors and shareholders of Golden Life.

Pursuant to the Agreements dated 1 December 2002, the Company leases (1) workshop nos. 1-8, 18-21 on the 2nd floor, together with the rear portion of the flat roof on the 3rd floor and 7 car parking spaces on the ground floor of Decca Industrial Centre, 12 Kut Shing Street, Chai Wan, Hong Kong with an aggregate gross floor area of about 12,358 square feet (excluding the car park and flat roof areas) as its head office, showroom and warehouse at a monthly rental of HK\$131,224; and (2) remaining portion of lot nos. 511 and 512 in Demarcation District No. 109, Kam Tin, Yuen Long, New Territories with an aggregate site area of about 24,237 square feet for warehousing at a monthly rental of HK\$20,000 for a period of 3 years from 1 December 2002 to 30 November 2005.

During the year, the Group paid rental of approximately HK\$1,815,000 to Golden Life pursuant to the Agreements.

The independent non-executive directors have reviewed the transactions pursuant to the Agreements and confirm that these transactions have been entered into:

- (i) by the Group in the usual and ordinary course of business;
- (ii) on normal commercial terms or on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned; and
- (iii) in accordance with the terms of the Agreements.

## 購股權計劃

集團有關購股權計劃的詳細資料載於財務報表附註31內。

## 董事購買股份及債券安排

除上述披露之「董事之股份及所持相關股份權益」外，本公司、其控股公司或其任何附屬公司均沒有在本年度內訂立任何安排，使本公司董事可以透過收購本公司或任何其他法人公司的股份或債券而獲益。

## 主要股東

除上文「董事之股份及所持相關股份權益」所披露者外，於二零零五年三月三十一日本公司沒有接獲有關於本公司之股本中須根據證券及期貨條例第336條予以記錄之權益或短倉的通知。

## 關連交易

本集團與精威投資有限公司（「精威」）於二零零二年十二月一日訂立兩項租賃協議（「租賃協議」），由於曾志雄先生、廖浩權先生及關有彩女士各為精威之董事及股東。根據香港聯合交易所有限公司證券上市規則（「上市規則」）規定，按租賃協議進行的交易，將構成關連交易。

根據二零零二年十二月一日之租賃協議，本公司租用(1)位於香港柴灣吉勝街12號達藝工業中心2樓1-8及18-21號工場，連同3樓平台後半部份及地下7個車位，總樓面面積約12,358平方呎（不包括停車場及天台範圍）作為其總辦事處、陳列室及貨倉，月租為131,224港元；及(2)位於新界錦田丈量約份第109號511及512號地段之餘下部份，總佔地面積約為24,237平方呎作為貨倉，月租為20,000港元。為期三年，由二零零二年十二月一日至二零零五年十一月三十日為止。

根據租賃協議，本集團於本年度內支付給精威之租金金額約為1,815,000港元。

獨立非執行董事已對該項根據租賃協議而進行之交易作出審查及確認如下：

- (i) 該等交易乃根據本集團之一般正常業務所進行；
- (ii) 該等交易乃根據一般商務條款或對本公司之獨立股東而言屬公平合理之條款而進行；及
- (iii) 該等交易乃根據租賃協議之條款而進行。



## REPORT OF THE DIRECTORS

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Save for disclosed above in "connected transactions", no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's bye-laws, or laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **DONATIONS**

During the year, the Group made donations amounting to approximately HK\$100,000.

### **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

The Company has complied throughout the year with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules.

### **PUBLIC FLOAT**

Based on the information that is publicly available to the Company as at the date of this report and within the knowledge of the director, there was a sufficiency of public float the Company's securities as required under the Listing Rules.

### **AUDITORS**

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

On behalf of the Board

### **TSANG CHI HUNG**

*Chairman*

Hong Kong, 11 July 2005

### 董事於重大合約之權益

除上述「關連交易」所披露外，董事並無於本公司、其控股公司或其任何附屬公司於本年度內訂立而對本公司業務屬重大之任何合約中直接或間接擁有實際權益。

### 購買、出售或贖回公司股份

本公司及其附屬公司於本年度均無購入、出售或贖回任何本公司的股份。

### 優先購買權

本公司之公司細則或百慕達法例並無載有優先購買權權利之條文以要求公司將新股按比例發行給現時之股東。

### 捐款

本年度，集團捐款約為100,000港元。

### 遵守最佳應用守則

於本年度內，本公司一直遵守香港聯合交易所有限公司上市規則附錄十四所載之最佳應用守則。

### 公眾持股量

基於公開予本公司查閱之資料及據董事會所知悉，截至本報告日期為止，本公司按上市規則所訂，一直維持足夠的公眾持股量。

### 核數師

關於續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

主席  
曾志雄

香港，二零零五年七月十一日