

COVER STORY: SUNSET, SUNRISE

Despite the reduction of profit, our colleagues are still in high spirits and we still have many smiling faces here. If you take a long-term prospective, in three years times we have transformed the Group from a traditional family-run business to a professionally managed enterprise honoured by at least two international magazines. Turnover shot up from HK\$661,887,000 in 1999/2000 to HK1,737,979,000 in 2002/03.

But rapid growth also brought along various problems. Seen in this light, the consolidation phase which occurred in the current financial year had been inevitable and indeed necessary for building up a solid foundation for the next phase of rapid growth. While the sun goes down with the approach of dusk, it will rise again tomorrow. This is the law of the nature. Why should we be unhappy? (Are you able to differentiate sunset and sunrise pictures on the cover?)

So there is no recriminations or fingers pointing. Instead we have lots of smiling faces within the Group. Pursuing the Group's policy of cost saving, our colleagues (not professional photographers!) tried very hard to capture the upbeat spirit of our most valuable asset and the drawings of their own most precious assets (children of our colleagues). Do you think they are successful?

封面解說：日出、日落

縱使溢利下滑，但員工依舊上下一心，笑意盎然。假如你從長遠角度看，集團過去數年從一間傳統家族式經營的企業，逐步改革成為一間至少被兩本國際級雜誌點名讚揚的專業管理企業，營業額亦從一九九九／二零零零年度的661,887,000港元急促上升至二零零二／零三年度的1,737,979,000港元。

但快速增長的背後，問題開始湧現，因此本財政年度所進行的整固工作是無可避免的，因集團必須為下一階段的業務增長期奠下穩固的根基。其實好比太陽隨著黃昏降臨而消逝，但黑夜過後再度見旭日初升，這乃天道循環，又何需特別介懷呢？(你又能否分辨出封面圖畫中那個是日出，那個是日落呢?)

故此我們並沒有互相指責或埋怨，反而集團內四處洋溢著「開心的笑臉」，集團一向節儉有道，我們的同事(非專業攝影師)用心捕捉集團最寶貴資產—員工們的一些歡欣神髓及他們心愛寶貝(員工的子女們)的精心傑作，你們覺得他們成功嗎？



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Corporate Information 公司資料

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10th Floor
Southeast Industrial Building
611-619 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

WEB SITE

<http://www.karrie.com.hk>

DIRECTORS

Executive Directors

Mr. HO Cheuk Fai (*Chairman & CEO*)
Mr. HO Cheuk Ming (*Deputy Chairman & COO*)
Mr. KWOK Wing Kin, Francis (*Deputy Chairman*)
Mr. TAM Wing Hung
Mr. LEE Shu Ki
Mr. WONG Shun Pang

Independent Non-executive Directors

Mr. SO Wai Chun
Mr. LEUNG Wai Ho
Mr. CHAN Sui Sum, Raymond

AUDIT COMMITTEE

Mr. SO Wai Chun
Mr. LEUNG Wai Ho
Mr. CHAN Sui Sum, Raymond

COMPANY SECRETARY

Ms. MAN Tuen Tuen

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor Prince's Building
Central, Hong Kong

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

總辦事處及 主要營業地點

香港
新界
荃灣
青山公路611-619號
東南工業大廈
10樓

網址

<http://www.karrie.com.hk>

董事

執行董事

何焯輝先生 (*主席兼行政總裁*)
何卓明先生 (*副主席兼營運總裁*)
郭永堅先生 (*副主席*)
談永雄先生
李樹琪先生
黃順鵬先生

獨立非執行董事

蘇偉俊先生
梁偉浩先生
陳瑞森先生

審核委員會

蘇偉俊先生
梁偉浩先生
陳瑞森先生

公司秘書

文端端小姐

核數師

羅兵咸永道會計師事務所
執業會計師
香港中環
太子大廈22樓

Corporate Information 公司資料

PRINCIPAL BANKERS

The Bank of East Asia Limited
10 Des Voeux Road Central
Hong Kong

Hang Seng Bank
83 Des Voeux Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Level 10
1 Queen's Road Central
Hong Kong

Mizuho Corporate Bank, Limited
17th Floor, Two Pacific Place
88 Queensway
Hong Kong

Standard Chartered Bank
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-6, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

主要往來銀行

東亞銀行有限公司
香港
德輔道中10號

恒生銀行
香港
德輔道中83號

香港上海匯豐銀行有限公司
香港
皇后大道中1號
10樓

瑞穗實業銀行
香港
金鐘道88號
太古廣場2座17樓

渣打銀行
香港
德輔道中4-4A號
渣打銀行大廈

主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心
17樓1712-6室

Key Information for Shareholders 股東主要資訊

FINANCIAL CALENDAR 2004

Announcement of 2003/2004 results

25 June 2004

Last day to register for 2003/2004

Final Dividend

23 July 2004

Annual General Meeting

30 July 2004

2003/2004 Final Dividend Payment Date

12 August 2004

Financial Year End

31 March 2004

SHARE CAPITAL

Authorised (HK\$)

Issued (HK\$)

法定 (港元)

已發行 (港元)

| | As at 截至 | |
|-------------------|----------------------------------|--------------------------------|
| | 31 March 2004 二零零四年 三月三十一日 | 15 June 2004 二零零四年 六月十五日 |
| Authorised (HK\$) | 80,000,000 | 80,000,000 |
| Issued (HK\$) | 40,075,600 | 40,135,600 |

OUTSTANDING SHARE OPTIONS GRANTED

at exercise price of HK\$0.335 each
at exercise price of HK\$0.30 each
at exercise price of HK\$1.30 each
at exercise price of HK\$1.65 each
at exercise price of HK\$2.475 each
at exercise price of HK\$1.90 each

行使價為每股0.335港元
行使價為每股0.300港元
行使價為每股1.300港元
行使價為每股1.650港元
行使價為每股2.475港元
行使價為每股1.900港元

| | As at 截至 | |
|-------------------------------------|----------------------------------|--------------------------------|
| | 31 March 2004 二零零四年 三月三十一日 | 15 June 2004 二零零四年 六月十五日 |
| at exercise price of HK\$0.335 each | 2,700,000 | 2,700,000 |
| at exercise price of HK\$0.30 each | 1,020,000 | 1,020,000 |
| at exercise price of HK\$1.30 each | 1,320,000 | 820,000 |
| at exercise price of HK\$1.65 each | 7,840,000 | 7,440,000 |
| at exercise price of HK\$2.475 each | 12,490,000 | 12,240,000 |
| at exercise price of HK\$1.90 each | - | 4,918,000 |

MARKET CAPITALISATION

As at 31 March 2004 (Closing Price: HK\$1.93)

HK\$773,459,080

As at 15 June 2004 (Closing Price: HK\$2.05)

HK\$822,779,800

二零零四年財務年誌

二零零三／零四年度業績公佈日期

二零零四年六月二十五日

二零零三／零四年度

末期股息最後登記日期

二零零四年七月二十三日

股東週年大會

二零零四年七月三十日

二零零三／零四年度末期派息日

二零零四年八月十二日

財務年結日

二零零四年三月三十一日

股本

已授予但仍未行使的購股權

| | As at 截至 | |
|-------------------------------------|----------------------------------|--------------------------------|
| | 31 March 2004 二零零四年 三月三十一日 | 15 June 2004 二零零四年 六月十五日 |
| at exercise price of HK\$0.335 each | 2,700,000 | 2,700,000 |
| at exercise price of HK\$0.30 each | 1,020,000 | 1,020,000 |
| at exercise price of HK\$1.30 each | 1,320,000 | 820,000 |
| at exercise price of HK\$1.65 each | 7,840,000 | 7,440,000 |
| at exercise price of HK\$2.475 each | 12,490,000 | 12,240,000 |
| at exercise price of HK\$1.90 each | - | 4,918,000 |

市值

截至二零零四年三月三十一日 (收市價：

1.93港元)

773,459,080港元

截至二零零四年六月十五日 (收市價： 2.05

港元)

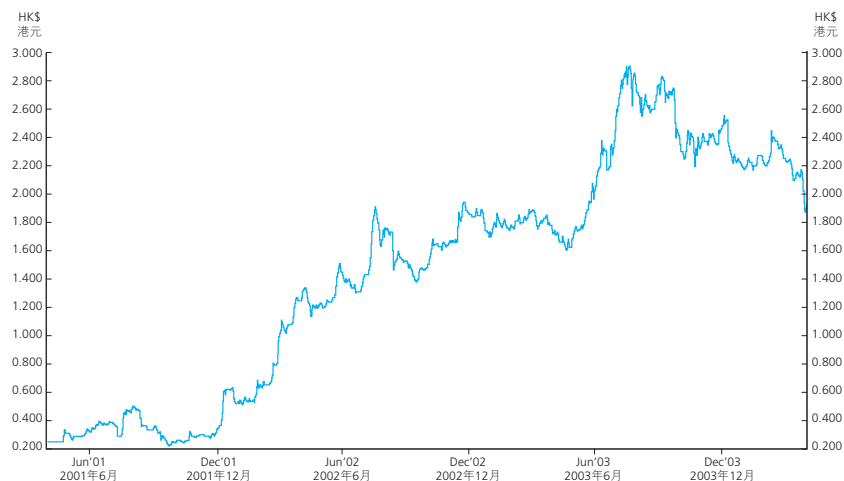
822,779,800港元

Key Information for Shareholders 股東主要資訊

HISTORICAL SHARE PRICE MOVEMENT

股價歷史走勢圖

31/3/2001 – 31/3/2004



STOCK CODE

The Stock Exchange of Hong Kong Limited
Main Board

1050

股份編號

香港聯合交易所有限公司
主板

1050

BOARD LOT

2,000 Shares

每手股數

2,000股

SHAREHOLDER SERVICES

Any matters relating to your shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the registrar of the Company:

Computershare Hong Kong Investor Services Limited
Rooms 1712-6, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2529 6087

股東服務

假若有任何關於閣下股份之事宜，包括股份轉讓、更改姓名或地址、遺失股票等，請以書面聯絡我們的股份過戶登記分處：

香港中央結算登記有限公司
香港
皇后大道東183號
合和中心
17樓1712-6室
電話：(852) 2862 8628
傳真：(852) 2529 6087

Key Information for Shareholders 股東主要資訊

INVESTOR RELATIONS

For enquiries, please contact:

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Ms. Renee Tai
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Email: tai.renee@gkgoh.com

SBI E2-Capital
Mr. Raymond Jook
Tel: (852) 2533 3715
Fax: (852) 2533 3733
Email: raymondjook@softbank.com.hk

投資者關係

如有任何垂詢，請聯絡：

曾佩瑩小姐
高級企業傳訊主任
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傳真：(852) 2415 1608
電郵：pytsang@karrie.com.hk/
ir@karrie.com.hk

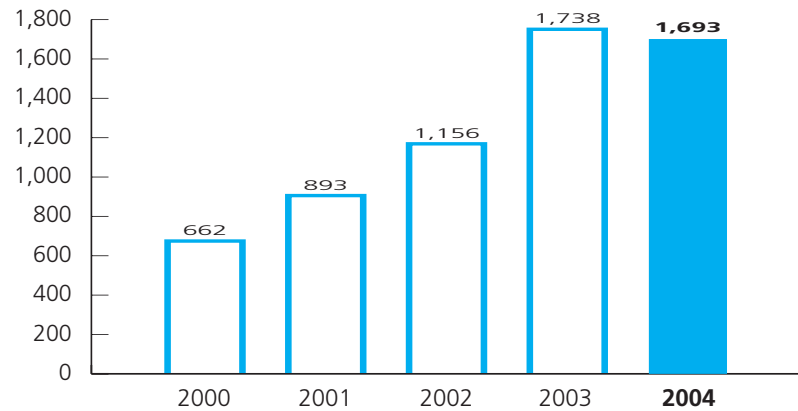
分析員聯絡資料

吳玉欽証券(香港)有限公司
戴麟懿小姐
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傳真：(852) 2537 1547
電郵：tai.renee@gkgoh.com

軟庫金匯投資服務
祝振駒先生
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傳真：(852) 2533 3733
電郵：raymondjook@softbank.com.hk

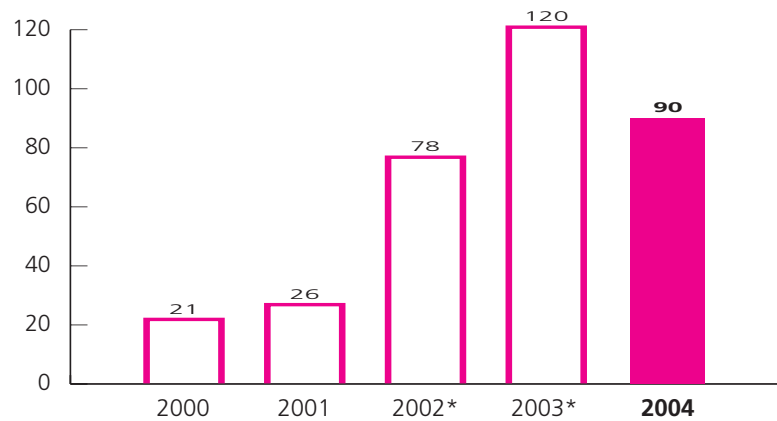


Financial Highlights 財務概要



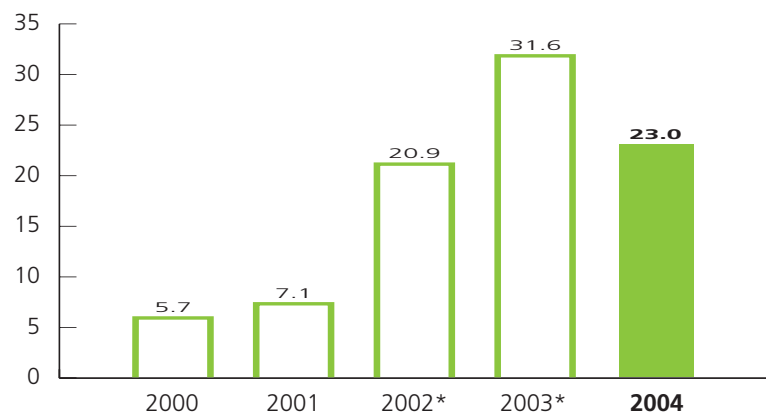
Turnover HK\$ million

營業額 百萬港元



Profit attributable to shareholders HK\$ million

股東應佔溢利 百萬港元



Basic earnings per share HK Cents

每股基本溢利 港仙

* As restated

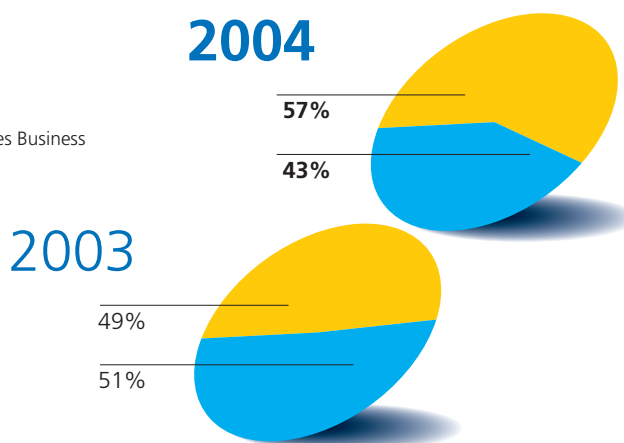
* 重列

Financial Highlights 財務概要

| | | 2003/04 HK\$m 百萬港元 | 2002/03 HK\$m 百萬港元 (As restated) (重列) | Changes % 變動 |
|---|-------------|--------------------------|---|--------------------|
| OPERATIONS | | | | |
| 經營 | | | | |
| Turnover | 營業額 | 1,693 | 1,738 | -3% |
| Operating profit before interest and taxation | 除利息及稅前經營溢利 | 107 | 143 | -26% |
| Profit attributable to shareholders | 股東應佔溢利 | 90 | 120 | -25% |
| Earnings per share, basic (HK cents) | 每股溢利·基本(港仙) | 23.0 | 31.6 | -27% |
| Dividend per share (HK cents) | 每股股息(港仙) | 20.0 | 24.0 | -17% |
| FINANCIAL POSITION AT YEAR END | | | | |
| 年結時之財務狀況 | | | | |
| Total assets | 資產總值 | 984 | 948 | +4% |
| Net current assets | 流動資產淨值 | 190 | 164 | +16% |
| Shareholders' funds | 股東權益 | 375 | 364 | +3% |
| Capital expenditure | 固定資產支出 | 59 | 24 | +146% |
| Return on equity (%) | 股東權益回報率 | 24.1% | 32.9% | -27% |
| Net book value per share (HK\$) | 每股帳面淨值(港元) | 0.94 | 0.95 | -1% |

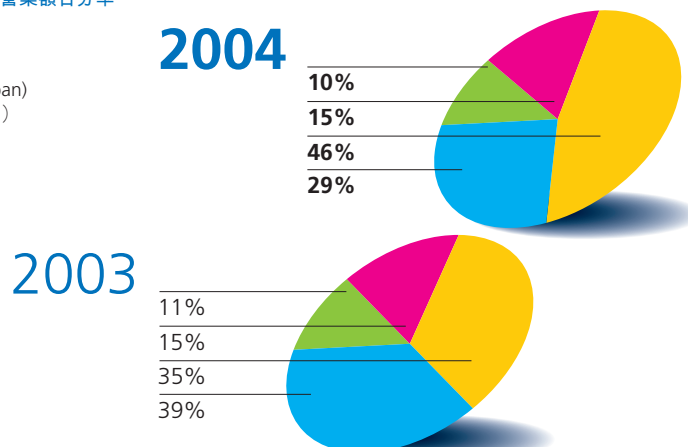
Turnover percentage by Product
按產品劃分的營業額百分率

- Metal and Plastic Business
五金塑膠業務
- Electronics Manufacturing Services Business
電子專業代工業務



Turnover percentage by Geographical Location
按客戶所在地劃分的營業額百分率

- Japan
日本
- Asia (excluding Japan)
亞洲(不包括日本)
- North America
北美洲
- Western Europe
西歐



Chairman's Statement

主席報告

「天行健，君子以自強不息」，這是《易經》中最核心的一句話，這句話揭示了「天道」運行，周而復始。剛健有力，「健」就是「天」的本質作用，而運行不息，沛然剛健正是陽氣的本質，而這天之陽氣促使萬物生長，這就是生機勃勃的世界。

而我們人，就應該效法天的剛健精神，奮發進取，就叫「自強不息」，這就叫「法天而行」。
法天而行就是天人合一，老天爺當你的後台，戰無不勝。

原文載於《信報》二零零三年二月十日 (筆者張立)

天行健
君子以自強不息



Chairman's Statement 主席報告

On behalf of the Board of Directors, I am pleased to present the annual report of Karrie International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES AND RESULTS

The Group is principally engaged in

- Metal and Plastic Business: including the manufacture and sales of metal and plastic products including computer casings, office automation products, video cassette housings, moulds, plastic and metal parts; and
- Electronics Manufacturing Services Business ("EMS" Business): the manufacture and sales of laser printers, magnetic tape drive and other computer peripheral products.

2003/04 Performance

For the year ended 31 March 2004, the turnover of the Group was HK\$1,692,960,000 and operating profit was HK\$106,527,000, a decline of 3% and 26% respectively as compared to those of last year.

Impact of SARS on Turnover

As explained in the interim report, most of our customers were not able to come to Hong Kong and China during the SARS (Severe Acute Respiratory Syndrome) period from March to July 2003. Likewise our marketing team and engineers were not able to visit overseas customers. While video-conferencing and e-mails were able to provide the basic communication link with our customers, they were not satisfactory substitutes to face-to-face communication. As a result, the progress of engineering works on some production models was delayed, which in turn led to delays in the launching of new products to fill up the production vacuum created by the expiry of life cycle of some of the existing products. This naturally contributed to the decline in turnover for the current year against the earlier projection of 10% growth (2002/03 Annual Report, P.24).

我謹此代表董事會提交嘉利國際控股有限公司(「公司」)及其附屬公司(「集團」)截至二零零四年三月三十一日止的年報。

主要業務及業績

集團主要從事

- 五金塑膠業務—製造及銷售五金及塑膠產品，包括電腦外殼、辦公室文儀產品、錄影帶外殼、模具、塑膠及金屬部件等；及
- 電子專業代工業務—製造及銷售鐳射打印機、磁帶解碼器及其他電腦週邊產品。

二零零三／零四年度業務表現

截至二零零四年三月三十一日止，集團錄得營業額達1,692,960,000港元，而經營溢利為106,527,000港元，較去年同期分別下跌3%及26%。

非典型肺炎對營業方面的影響

如中期業績報告所述，於二零零三年三月至七月期間集團受到非典型肺炎肆虐影響，以致大部份客戶未能抵港及中國內地，同樣地我們的市務及工程人員亦未能遠赴海外與客戶會面。雖然我們仍透過視像會議及電郵通訊與客戶保持基本接觸，但可惜這些措施並無法完全取替直接會面。因此，個別項目之前期工程工作受到阻延，以致無法如期安排生產，加上某些產品已到達生產週期尾聲，形成了生產的空檔期，因而導致本年度之營業額下降，無法達致10%之預期增長(二零零二／零三年年報中第二十四頁)。

Chairman's Statement 主席報告

Reasons for the Reduction in Profit

Some of the principal reasons for the reduction in profit were as follows:

- **continued pricing pressure** leading to further decline of gross profit margin;
- while the decline of gross profit margin was nothing new, the Group had been able to use "operating leverage" to deliver profit growth in the past years. With a reduction in turnover because of SARS and other reasons in the current year of consolidation, there was **no positive contribution from a huge increase in turnover to offset the reduction in the gross profit margin**; and
- as the Group is optimistic about its future turnover growth, we have not strived to reduce cost despite the reduction in profit. On the contrary, **we have invested additional resources for development works on new projects secured.**

Doom & Gloom? Certainly Not!

The turnover of the Group was only HK\$661,887,000 in 1999/2000. Over a period of three years, the turnover shot up to HK\$1,737,979,000 in 2002/03, an increase of 162%. You could easily visualise all sorts of problems related to rapid growth:

- from a marketing prospective, the reliance on the EMS business for growth in general and the appearance of an unhealthy trend of customer concentration in particular (with the single largest customer contributing 40% to the Group's total turnover in 2002/03); and
- from a production perspective, the occurrence of production bottlenecks, minor quality problems, human resources mismatching, increasing material wastage, logistic inefficiencies, ad hoc mode of problems solving and others.

溢利下跌的原因

造成溢利下跌之主因如下：

- **價格持續受壓**引致毛利率繼續收窄；
- 雖然毛利率持續下跌已非新事，但過往集團仍能利用「營運槓桿」維持溢利增長，但由於集團因受非典型肺炎打擊及進入整固期而令營業額下跌，故此**無法以增加營業額來抵銷毛利率下跌的負面影響**；及
- 由於集團對未來營業額增長抱樂觀態度，故雖然溢利下跌亦未有刻意銳減成本，相反地，**我們更投入額外資源以確保新項目做妥前期準備工作。**

堅定不移 那怕風雨

於一九九九／二零零零年度，集團之營業額僅為661,887,000港元，而短短三年間，二零零二／零三年度之營業額大幅上升至1,737,979,000港元，升幅達162%。在這業務高速增長下，你可輕易地想像到各式各樣的問題將隨之而生：

- 從市務角度而言，除了增加依重電子專業代工業務外，更出現了個別客戶比重過份集中的情況（於二零零二／零三年度中，最大單一客戶佔集團總營業額40%）；及
- 從生產角度而言，生產出現樽頸問題、個別產品未符合品質要求、人力資源錯配、浪費原料比例上升、物流運作效率下降，以及未有徹底根治日常生產所遇到之種種問題等。



Chairman's Statement 主席報告

Back in 2003, the Directors were already convinced that a period of consolidation was needed to prepare the Group for the next phase of growth (2002/03 Annual Report, P.24). Thus, with hindsight, SARS was a blessing in disguise. It has hardened our determination and provided us with the breathing room to sort out some of the problems associated with past turbo-charged growth. Our colleagues could shift at least partially their attention from meeting customers' stringent delivery requirements to working on new projects and sorting out housekeeping works.

So instead of doom and gloom that you might expect from a company having a decline of profit, we have a strong sense of relief here. I have been on my own for over 30 years already. **If I am not optimistic, why should I endorse the hiring of additional staff and increase of capital expenditures ("capex") by two times to HK\$60,000,000 for 2003/04?**

You may still not be convinced. The key to the understanding of the rationale of our strategic thinking lies in the conceptual framework of the modern supply chain management in the computer industry and related fields.

Supply Chain Management

In a highly generalised and simplified business model, the Group is only a very small but integral and indispensable part of the global supply chain of our multi-national customers. It works as follows:

- customers award us with projects, which require months of design, engineering and other development works before the final shipment of goods. Thus we have relatively high business "long term visibility";



Overseas JIT warehouse: we trust our customers
and the customers trust us
位於海外的「即時供貨」貨倉：我們信賴客戶.....
而客戶亦信賴我們

於二零零三年，董事們亦意識到集團確實有必要進行內部整固，讓我們有充份準備去迎接下一個增長階段（二零零二／零三年年報中第二十四頁）。雖似是「事後孔明」，但從長遠角度而言，非典型肺炎的出現亦可說是「塞翁失馬」，因此反而加強我們對集團進行整固的決心，集團可趁機從過往急促增長的步伐中稍作喘息，解決各樣繁瑣問題。我們的同事亦可暫時將注意力從應付客戶緊迫付運要求轉移至新項目的開發與及內部微調整頓工作等。

你或許會認為一間公司溢利顯著下跌，員工們一定會感到垂頭喪氣，但事實上我們卻有如釋重負之感，我作為集團最高決策者，過去三十年飽歷風雨，試問如果我不感樂觀，為何仍要認同增聘員工與及於二零零三／零四年度一再修訂固定資產投資至60,000,000港元呢？

可能你對我們的想法仍是摸不透，其實我們所定下的策略皆源自電腦及相關行業的現代供應鏈管理架構中。

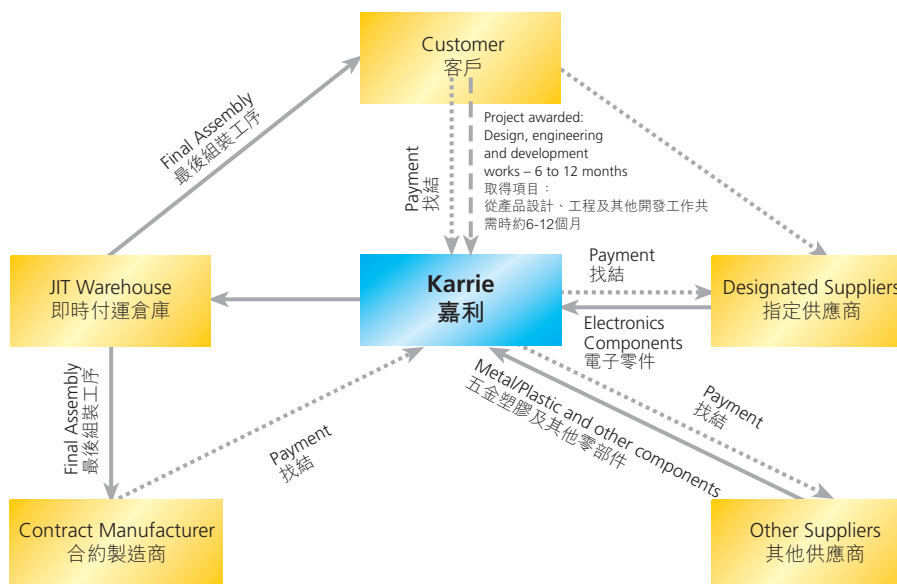
供應鏈管理

在一個「一般化」及「簡單化」的業務模式說明中，本集團於那些跨國大企業云云全球供應商當中，只是一個微不足道但又不可或缺的部份，此供應鏈模式運行如下：

- 客戶給予的產品項目，一般從設計、工程及其他前期開發工作至最後付運階段，所需時間達數月至超過半年之久，這令我們具備對生意前景比較上有「長線洞悉力」；

Chairman's Statement 主席報告

Generalised Flow Chart of the Supply Chain Management System 供應鏈管理系統一般運作流程圖



- however, we do not normally have a large order backlog because of the customers' adoption of the just-in-time (JIT) inventory, rolling forecast, Electronic Data Interexchange (EDI) or a combination of the above methods. Thus we do not have much business "short term visibility";
 - Usually customers will award a project to only one supplier. Therefore for any particular contract confirmed, we have the obligation to ship goods on time to customers even if the sales volume is much higher than the initial projection; and
 - Under the direction of the customers, the Group:
 - a. purchases a major portion, if not all, of the electronic components parts from designated suppliers or the customers; and
 - b. ships the finished goods to either the JIT warehouse, the customers or "contract manufacturers" along the supply chain for the next stage of production. (please refer to the flow chart above)
- 由於我們客戶的訂單一般以「即時付運貨存」、「滾動式預算」、「電子信息交換系統」，甚至混合以上形式等，故此我們並無大量的手頭訂單，因而我們對生意前景較缺乏「短線洞悉力」；
 - 由於通常我們是特定產品項目之唯一供應商，倘若客戶之產品銷售比預期理想，我們有責任確保所需產品如期付運；及
 - 在客戶的指引下，集團會按以下情況採購：
 - a. 大部份之電子零件均從指定供應商或客戶採購；及
 - b. 將製成品付運予供應鏈內的「即時付運」倉庫、客戶或「合約製造商」，以便進行下一程序生產。（請參照上述流程圖）

Under such a business model, **the customer and its suppliers have to build up mutual trust under a "business partnership" both in name and in reality: Customer has to trust its sole supplier to deliver the goods on time while the supplier has to trust the customer as the supplier assumes high risks in delivering goods to the JIT warehouse and/or in paying for large amount of components.**

在此模式下，客戶與供應商一定要互相信賴而成為真正的「商業夥伴」關係，因為客戶必須信任其唯一供應商能將產品如期付運；而另一方面供應商亦必須信任客戶，因其代客戶大量採購零部件與及於「即時供貨」模式的暫存倉內存放大量成品均要承受相當風險。

Chairman's Statement 主席報告

Painful but Courageous Decision

In mid-2003, the Directors faced an intriguing dilemma. Turnover was down because of SARS. We could have cut back on expenses to mitigate the impact on profit. But then we were on the final stages of confirmation of various new projects. **After careful deliberation, we took the difficult route for the long-term interest of the Group.** We started to hire more staff and invest additional resources to cater for the development works and the subsequent shipment production capacities. **Certainly these did not help our current year's performance. But this courageous decision has laid down the foundation for the next phase of growth.**

Quarterly Results Announcement

Against this backdrop and despite previous reservation regarding quarterly results announcement (2002/03 Annual Report, P.16), **in September 2003 the Group made its first quarterly results announcement of a profit reduction as compared to last year so that the investment community would be kept informed of the latest development as soon as practicable.** The Directors are convinced that this is an important step in our constant drive to increase transparency and putting Karrie one step closer to our goal of building up a strong corporate franchise.

Votes of Confidence

Investors were no doubt unhappy with the performance. But through patient explanation, gradually words spread:

- In September 2003, for example, in an investment seminar held in Singapore, Karrie was informally rated the best in terms of "quality in presentation" and "plausibility of story" among more than 10 participating listed companies;

決斷英明 奠下根基

於二零零三年年中，**董事們面對一個兩難的局面**，營業額受到非典型肺炎所拖累，當時我們可以選擇縮減開支以減輕對溢利的打擊，惟這時候正有幾個新產品項目洽談至最後階段，**我們經過審慎的考慮後，決定為集團長遠的利益著想，因而選擇踏上一條較崎嶇的道路。**我們開始招聘更多人員與及投入額外資源以配合各項前期準備工作到位，務求應付最終產能需要。**當然這等投資對本年度的業務表現幫助不大，但這果敢的決定卻為我們下一階段的增長奠下了穩固的根基。**

季度業績公佈

在此背景下，雖然初期我們對公佈季度業績有所保留(二零零二／零三年年報中第十六頁)，**集團於二零零三年九月毅然公佈了溢利比去年同期遜色的第一季度業績**，希望公眾投資者能夠在可行的情況下得知集團最新的動向發展，董事們深信對於我們致力提升透明度及努力建立「嘉利」品牌，這一步是必須堅持的。

努力耕耘 初有小成

投資者對業績表現當然會感到不悅，但經過細心的講解，他們最終亦接納集團之取向：

- 二零零三年九月於新加坡舉行的一個投資論壇中，集團於超過10間參與的上市公司當中，獲非正式地評估為「最佳演譯」及「最可信」之公司；



Chairman's Statement 主席報告

- In January 2004, in an "Asiamoney" Poll by fund managers and research analysts, Karrie was voted as the 8th Best Managed Company in Hong Kong despite the announcement of a profit reduction previously. It is also worth mentioning that the other 8 companies on the list are all constituents stocks of the Hang Sang Index and the remaining company has a market capitalisation of at least 10 times bigger than us; and



- 二零零四年一月，亞洲貨幣雜誌「Asiamoney」與眾基金經理與及研究分析員舉行一個投票選舉，而集團當時雖然已對外公佈了溢利下跌的消息，但仍被推選為「香港最佳管理公司」第八位，值得一提的是其餘八間獲排名的公司均為恒生指數成份股，而剩餘一間市值則比集團至少大十倍；及



為何我們要建立「嘉利」的品牌？

Why do we need to build up the Karrie franchise?

- In March 2004, Karrie was ranked by "CFO Asia" magazine as the second best company in working capital management in the "miscellaneous industrial" category in Asia. Out of the 22 Hong Kong companies on the list, Karrie is probably the only industrial company from the EMS & Metal/Plastic sectors.

- 二零零四年三月，集團獲亞洲財務總監雜誌「CFO Asia」於最佳流動資金管理評選中之「其他工業類別」取得全亞洲第二排名，而於獲排名的二十二間香港公司當中，集團應當是唯一的電子專業代工及五金塑膠製品的工業界代表。

The Karrie Franchise

In the long run, our effort in building up the Group's franchise in investors relationship will eventually bear fruit as investors may start to equate Karrie with

- **good corporate governance** ranging from clearly defined corporate goals to high transparency (see appendix 2 on P.44);

「嘉利」品牌

長遠而言，集團於投資者關係工作中的努力，其成效將慢慢地顯現出來，屆時投資者便可輕易地將「嘉利」品牌等同為

- **企業管治**—從清晰介定的集團目標以至高透明度的披露，表現出優質的企業管治（見第四十四頁附錄二）；

Chairman's Statement 主席報告

- **professional management** as the Group is managed on an operation basis by a group of professional managers of the Executive Committee since 2001; and
- **high dividend** (see appendix 3 on P.45)
- **專業管理**—集團自二零零一年成立了執行委員會，並由一班專業管理人員以專組形式處理日常運作，令集團更趨專業化；及
- **高股息**(見第四十五頁附錄三)

THE PROFESSIONAL MANAGEMENT TEAM

專業管理隊伍



S K Lee 李樹琪
Accounting 會計
Investor Relations 投資者關係



Stephen Wong 黃順鵬
Production 生產管理



Francis Kwok 郭永堅
Marketing 市務



Ho Cheuk Ming 何卓明
Policy & Major Decision Making 政策及重要決定
Conflicts Resolution 平衡部門分歧
Capex 固定資產投資



Alfred Chow 周國雄
Finance 財務
Strategic Planning & Risk Management 策略規劃及風險管理
Investor Relations 投資者關係



Silvia Chan 陳名妹
Personnel & Administration 人事及行政
EDP 電腦資訊管理
Internal Audit 內部審計

Chairman's Statement 主席報告

Risk Management

We continue to closely monitor operating and financial risk arising out of the ordinary course of business. Three particular topics are worth mentioning here:

1. RMB appreciation

Until recently, there has been persistent rumour of impending appreciation of the RMB. As the Group's production base is in Mainland China, an appreciation of the RMB will definitely have an impact on the Group's performance. However,

- the Group always maintains a surplus of its RMB assets over its RMB liabilities; and
- while the Group has no plan to move its production base to other countries, it should be noted that there is no cost effective hedge against RMB appreciation as the cost of using "Non-deliverable forward (NDF) RMB contracts" is very expensive.

2. Electricity Supply

Roughly speaking the Group suffers from an outage in two days each week at present:

- the Group has sufficient alternative electricity supply to ensure uninterrupted production; and
- while the cost of such supply is much more expensive, the overall impact on the Group is not material unless there is a further drastic increase in oil price and/or an extended period of outage.

風險管理

我們繼續對營運及財務上可能出現的風險保持嚴謹的監察，尤其以下三項值得探討：

1. 人民幣升值

直至最近，仍不時傳出人民幣升值的謠傳，由於集團之生產基地位於國內，故此倘若人民幣升值，集團之業績表現必然會受到影響，雖然如此：

- 集團致力維持人民幣資產高於人民幣負債；及
- 雖然集團未有計劃將生產基地移離中國，投資者需明白目前未有有效的外匯對沖工具，因為「不交收人民幣遠期合約」之溢價成本十分昂貴。

2. 電力供應

粗略估計，集團目前每星期有兩天受到停電的影響：

- 集團有充份的後備電力供應以確保生產不受影響；及
- 除非油價繼續大幅上升及／或停電情況惡化，雖然後備發電的成本較為昂貴，但其對集團的整體影響輕微。

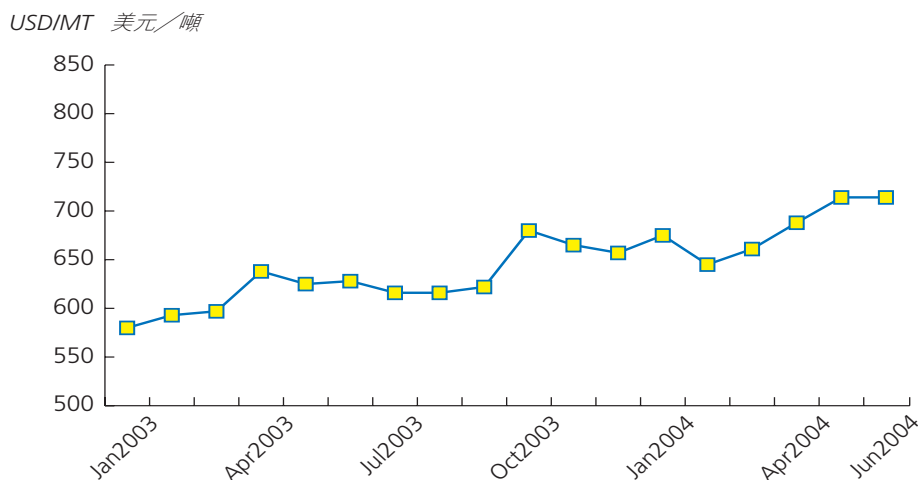


The art of risk management: Putting out small fires before it goes out of control

風險管理的藝術：盡快撲熄小火，以免一發不可收拾

Chairman's Statement 主席報告

Generalised Price Movement Graph of Electro-Galvanised Steel Coil
電解片鐵料概括價格走勢圖



3. Steel Price

The problem of rising steel price has plagued many industrial companies. Back in early 2003 we had already recognised the ominous price trend and had decided to increase our inventory level of electro-plated galvanized steel plates. This is the reason why our inventory turnover ratio declined by 17% as compared to 2002/03. So far we have escaped the crisis with only minor impact. Going forward, the old trick of raising inventory level will not work well as nobody can predict with confidence the future direction of steel price:

- measures taken by China to cool down the economy, steel price may fall. So continuous buildup of steel plates inventory may lead to serious loss; and
- but on the other hand, with the continuing growth of the US economy and recovery of Japanese economy, the demand of steel plates may still push up steel price.

So at the moment we will continue to keep a close watch of any new development and have no plan to change the level of steel inventory.

3. 鐵料價格

鐵料價格上升的問題困擾著很多同業，自二零零三年初我們早已察覺到這上升的趨勢，因而將電解片鐵料之存貨量提高，這正好解釋為何我們的存貨週轉率會比二零零二／零三年度下降了17%，直至現時為止，我們不免受到輕度影響，但總算避過了危機。至於將來是否仍然採取高存貨的政策，我們相信這未必是良策，因為現在根本無人能夠確切預測日後鐵料價格之走勢：

- 隨著中國對經濟採取宏觀調控的政策，鐵料價格或會回落，故此若繼續將鐵料存貨提升將造成重大的差價損失；及
- 但另一方面，美國經濟持續增長與及日本經濟復甦等，鐵料需求的上升必然會推高價格。

故此現階段我們適宜繼續密切留意事態的發展，與及維持現有之存貨水平。

Chairman's Statement 主席報告

Dividend and Dividend Policy

The Directors have recommended a final dividend of HK12.0 cents per share to shareholders whose names appear on the Register of members of the Company on 30 July 2004. Together with the interim dividend of HK8.0 cents per share, total dividends for the year amounts to HK20.0 cents (2002/03: HK24.0 cents). The final dividend will be payable on or about 12 August 2004. This dividend payment is in line with our policy of paying out 50% or more of the after tax profit of the year.

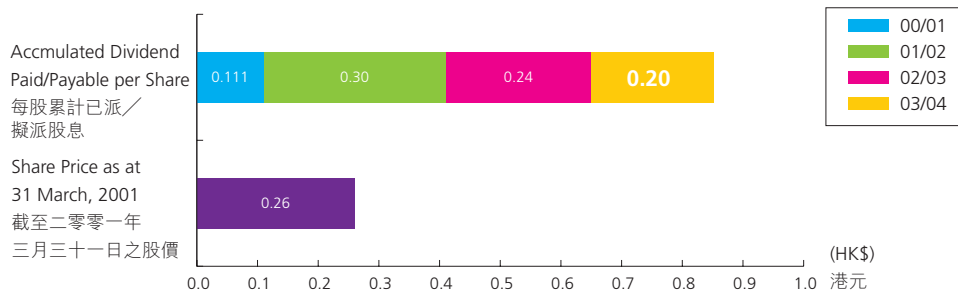
Since 2000/01, the Group has paid out in actual cash disbursement of dividends of over HK\$270,000,000 or 72% of the shareholders' fund. If the current recommended dividend is counted, then the total payout will be roughly equal to 85% of the shareholders' fund. Shareholders starting to invest in Karrie in 2000/01 would have received a total dividend of HK85.1 cents per share (including proposed final dividend of 2003/04).

股息及股息政策

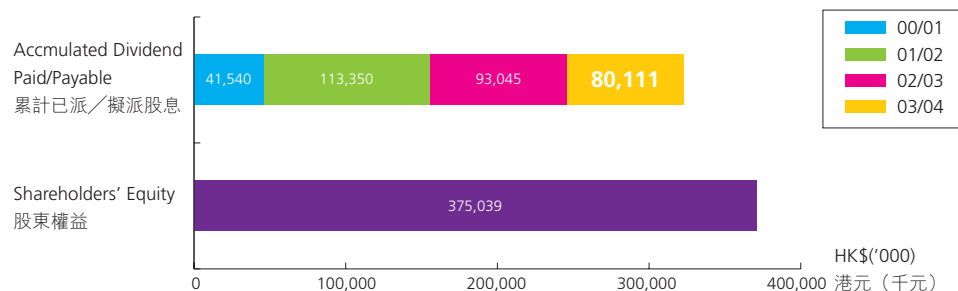
董事們已建議派發末期股息每股12.0港仙予所有於二零零四年七月三十日當日名列於本公司股東名冊內的股東。連同中期股息每股8.0港仙，全年股息共達每股20.0港仙(二零零二／零三年度：24.0港仙)。末期股息將於或接近於二零零四年八月十二日派發。這個派發比率與集團將除稅後溢利之50%或以上分發給股東的政策相符。

自二零零零／零一年度開始，集團合共派發現金股息超過270,000,000港元，佔股東資金72%，如將今次建議派發之股息計算在內，其總派發比率將佔股東資金85%。如於二零零零／零一年度開始投資於嘉利股票，至今每股所收取的股息合共85.1港仙(二零零三／零四年度建議派發末期股息包括在內)。

Dividend Paid/Payable per Share
每股已派／擬派股息



Shareholders' Equity and Dividend Paid/Payable
股東權益與已派／擬派股息



Our biased view on corporate governance: sharing wealth created with all shareholders through dividend

我們對企業管治的獨有看法，就是透過派發股息與一眾投資者分享財富



Chairman's Statement 主席報告

Return on Equity

In the current low interest rate environment, the Directors believe that investing the Group's surplus cash in financial instrument is not consistent with our corporate objective of increasing shareholders value. **If we cannot use the surplus cash to generate our required return on equity (ROE) ratio of 20%, such surplus cash should be best distributed to shareholders so that they can make their own investment according to their own risk profile.**

This careful balancing of capital management structure and dividend policy ensures that the Group's ROE ratio stayed at a comfortable 24% level despite the 25% drop in profit. By vigorously pursuing a proactive capital structure management policy, the Group hopes to reduce the chance of big write-offs as a result of over-investment in capex program or working capitals.

Corporate Governance

Measures undertaken by the Group in addition to statutory and regulatory requirements are listed in details in Appendix 2 on P.44. During the year we have voluntarily published quarterly results announcements to ensure fair distribution of information as far as practicable. We will also launch a new program to reach out for the individual investors soon in addition to timely public announcements and updates through our websites, so that they can have face-to-face contacts with the management.

The professional management team is encouraged to hold the shares of the Group as long-term investment. We understand that value of such investment forms a substantial part of the personal net worth of our executive directors and other members of team. This alignment of interest between the shareholders and the management may be one of the key reasons why we always act according to the long-term interest of the shareholders instead of focusing on short-term gains (please refer "Painful but courageous decision" on P.16).

While the experts may disagree (in the "Asiamoney" Poll, the Group was voted as second in the "Most Improved in Corporate Governance" category), I personally believe that our willingness to share with the public investors the wealth created through the distribution of dividend is the greatest and most direct manifestation of our corporate governance achievement.

股東權益回報率

現今仍處於低息率時代，董事們相信倘若集團結存過多現金對集團致力提升股東權益的路向相違背，故此若然我們未能利用這些資金以達至股東權益回報率20%之要求，我們就應該將剩餘的現金退還予各股東，讓他們按照自己的風險承擔力而自行作出個別投資決定。

由於我們於資金管理架構與股息政策取得平衡，故此就算溢利下跌25%仍能確保集團的股東權益回報率維持於24%。集團採取主動進取之資本架構管理政策，亦會減少因過度投資於固定資產或流動資金所導致的大幅撇賬風險。

企業管治

除法律規定及條例要求外，集團所採納的額外措施均已詳細刊載於第四十四頁之附錄二，過去一年，集團自發地公佈季度業績以確保訊息在可行的情況下向公眾發放，同時亦將會推出一個新計劃，讓小投資者除了定期收到報章公告與及網頁更新資料以外，能與管理層面對面多接觸。

我們亦鼓勵集團之專業管理階層持有集團股票作長線投資，據了解此等投資佔集團執行董事及其它管理者之個人財富的一個頗大的比例。故股東們與本集團之管理階層榮辱共享，此亦是本集團之決策為長遠而非短期利益之其中一個原因。（請參閱第十六頁「決斷英明 奠下根基」）

雖然一些專業人仕或不表認同（集團被亞洲貨幣雜誌「Asiamoney」評選為「最佳企業管治進步表現公司」全港排名第二），但我個人相信，我們以派發股息來與一眾投資者分享財富乃落實企業管治的最佳及最直接之表現。

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BUSINESS REVIEW

Metal & Plastic Business

The Metal & Plastic Business showed signs of recovery with turnover increased from HK\$843,623,000 in 2002/03 to HK\$963,002,000, probably due to the gradual worldwide resumption of technological spending. However, due to continued pressure on the profit margin, operating profit from this division dropped to HK\$80,591,000 as compared to HK\$98,190,000 in 2002/03.

EMS Business

Sales attributable to this division showed its first decline after 3 years of rapid growth. Turnover dropped from HK\$894,356,000 in 2002/03 to HK\$729,958,000. The reduction is mostly related to the delays in the launching of new products to fill up the production vacuum created by the expiry of life cycle of some of the existing products as a result of the occurrence of SARS in early 2003. As a result, operating profit declined to HK\$19,351,000 (2002/03: HK\$36,395,000).

Geographical Distribution

Asia has replaced Western Europe as our major market as the turnover in Asia (excluding Japan) for the current year reached HK\$781,751,000 (2002/03: HK\$610,529,000). The shift can be attributed to a change of logistic decision by our multi-national customers and the reduction of sales of the previously strong EMS business. Nonetheless, the shipment pattern of the Group continues to adopt our established practice of geographical diversification.

PROSPECTS

Better Days Ahead

Despite the disappointing performance for the current year, we remain very optimistic about the future. As outlined previously, we have relatively high long-term visibility because of the special characteristics of our trade and business model. At present we have secured most of the important projects for the



The seeds sowed will start to bear fruit tomorrow

昔日播下的種子，明日分享成果

業務回顧

五金塑膠業務

五金塑膠業務出現復甦跡象，銷售從二零零二／零三年度843,623,000港元回升至963,002,000港元，主要因全球逐步恢復對科技產品的支出，但由於毛利率持續受壓，令此業務之經營溢利從二零零二／零三年度之98,190,000港元下降至80,591,000港元。

電子專業代工業務

經過三年以來的快速增長，本業務銷售首次錄得下跌，營業額從二零零二／零三年度894,356,000港元下跌至729,958,000港元，主要下跌原因為二零零三年初受到非典型肺炎影響，令到新產品工程受到阻延，而個別產品又到了產品完結週期，令生產出現了真空期現象，故此經營溢利下跌至19,351,000港元（二零零二／零三年度：36,395,000港元）。

地域分佈

於本年度亞洲區（日本除外）營業額錄得781,751,000港元（二零零二／零三年度：610,529,000港元），已超越西歐成為主要市場，這個轉變主要由於跨國客戶改變其付運要求與及電子專業代工業務銷售下跌所致。此外，集團付運的模式會繼續採取多元化方針。

展望

漸現曙光 前景秀麗

雖然本年度之業績未如人意，但我們依舊對前景非常樂觀，如前段所述，由於我們的經營模式有其獨特之處，令我們對長遠的路向更具洞悉力。現時有關二零零四／零五年度的大部份重要的產品項目經已得到落實，而相關之前期準備工程工作已大致完成，集團更是大部份項目之唯一供應商，故現

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2004/05 financial year. **As the related engineering works have largely been completed and in most cases the Group is the sole supplier for the confirmed projects, our problem is therefore one of production, and not of marketing. In particular**

- we are still keeping the long-term business goal made in 2001/02 of doubling turnover of approximately HK\$1,156,000,000 to around HK\$2,300,000,000 in three years time (2001/02 Annual Report, P.29); and
- the unaudited turnover of the Group for the two months ended 31 May 2004 was HK\$350,000,000 (2003: HK\$312,000,000). As the unaudited turnover for these two months may not reflect the final result for the year ending 31 March 2005, investors and shareholders are advised to exercise extreme caution when dealing in the shares of the Company.

Sources of Growth Momentum

Barring any unforeseen circumstances, momentum of performance growth will mainly come from:

- for 2004/05, from positive operating leverage because of the projected 35% growth in turnover. As the overhead expenses should in theory be rising much slower than growth in turnover, positive contribution from operating leverage should be reflected in the bottom line; and
- for 2005/06, the rate of growth in turnover may slow down to low double digits primarily because of the enlarged denominator. Momentum of performance growth is expected to come from productivity initiatives either in the process of implementation or in planning stages.

Sunset, Sunrise

While for statutory reasons we have to submit the financial reports every 12 months, in reality we cannot manage our manufacturing business within such a short time framework. Marketing, production or even investors relation strategies are long-term commitment. We cannot devise and implement business strategies based on short-

在不是憂慮訂單不足，而是考慮該如何完成生產任務。

- 我們現時仍然維持二零零一／零二年的長遠營業目標，就是三年內將營業額從約1,156,000,000港元倍增至2,300,000,000港元。(二零零一／零二年年報第二十九頁)；及
- 集團截至二零零四年五月三十一日止兩個月未經審核之營業額為350,000,000港元(二零零三年：312,000,000港元)。因這兩個月之未經審核營業額未必能反映截至二零零五年三月三十一日止之最後業績，懇請各投資者及股東在買賣本公司股份時務須謹慎行事。

增長的原動力

撇除一些未可預知的因素，集團之表現增長動力主要來自：

- 由於二零零四／零五年度的營業額預計將有35%或以上的增長，將可帶來正面的營運槓桿效應，理論上營運費用的上升幅度會較營業額增長為低，因而相信可為盈利帶來正面的貢獻；及
- 由於營業額的基數愈來愈大，故此相信二零零五／零六年度的營業額增長比率會減慢至低雙位數，屆時集團之表現增長動力主要來自進行中或計劃中生產力之改善。

日出日落 自然法則

雖然法例規定每隔十二個月需提交財務報告，但現實中，我們處理製造業務時所考慮的一切，並不能只局限於這個短暫時期，需知道照顧客戶、生產甚至是投資者關係長遠政策釐定時，並不可能只著眼於短線利益，如投資者們因短期業績未如他

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term focus. **Investors not comfortable with short-term performance disappointment should excuse the Directors who care for the long-term interests of shareholders and stakeholders. Without sunset, how would there be sunrise?** Growth and consolidation are the twin faces of the same coin and integral part of the ongoing evolution of nature. So long as our management team remains focused, I am perfectly comfortable.

Smiling Faces

Despite the profit reduction and sometimes-harsh criticism in the past 12 months, we have no ugly faces here. Nor have I tried to pass the buck to subordinates. I told all my colleagues to continue to wear a smiling face and work hard to accommodate the requests of our customers. They are our true masters. **So long as we are able to provide superior service, we will keep our fair share of their business and all the resulting goodies. To stay ahead, we have instituted changes in marketing, production and the investors relations fields.**

The Quiet Revolution

1. Marketing

- We will strive to maintain the balance between the Metal/Plastic and the EMS business with no single growth driver;
- There will be continuous pressure from customers on the pricing front. However with the recovery of the world economy, we believe that such pressure will be much more manageable;



One of our secrets weapons: integrated project team from marketing and engineering
我們的其中一種秘密武器：市務及工程方面的專責組別

們心目中的要求的話，盼請他們原諒，董事們所關注的是股東們及有利益人仕的長遠利益！倘若沒有日落，又何來日出呢？增長與整固往往是企業循環演變中不斷互相交替的，只要我們管理層意志堅定，我仍是感到萬分安慰的。

面對逆境 笑臉依然

雖然過去十二個月遭受盈利下跌甚至外間無情的批評，但我們並無因此而感到垂頭喪氣或互相推卸責任，我鼓勵員工們應繼續保持笑容努力工作，盡力滿足客人的需要，因為客戶才是我們的主宰。我們相信只有對客戶專心一致，提供稱心滿意的服務，自然會獲得豐盛的回報。為求達到快人一步之目標，我們已推動各項市務、生產及投資者關係方面之改革。

堅持信念 靜默革命

1. 市務方面

- 我們努力讓電子專業代工與五金塑膠業務能夠取得適當平衡，避免過份偏重任何一方；
- 仍需面對客戶不斷要求降價的壓力，但隨著世界經濟逐步復甦，我們相信此等壓力可較易化解；

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- While new customers are certainly welcomed, we believe that it is much more important and time efficient to grow our existing business;
 - Our ability to secure new projects from customers depends not on cost alone, but on our ability to serve our customers in terms of design, moulds making, procurement, logistic support, project management and delivery of final products. For example, one multi-national customer has recently ranked us as the top 3 among over 30 suppliers worldwide. **Investors may be puzzled on why the Group is able to beat our foreign competitors, which are a few to tens of times larger than us. The ability to serve our demanding customers explains the high barrier of entry into the industry and the secret of our continued success. Sometimes I just wonder whether we should be classified as in the service industry rather than the manufacturing industry; and**
 - In the past few years, customers in general have put their resources to marketing, brand management and R&D. They want a solution provider rather than a pure component supplier. As such, we have been asked by our customers to fill up more "EMS" function in our traditional Metal/Plastic business. In the future it is possible we may merge the EMS and the Metal/Plastic Division for reporting purpose as the dividing line is increasingly blurred.
- 我們對新客戶當然是無任歡迎，但相信現時最重要和最迫切是好好應付現有業務之增長；
 - 我們能夠取得新項目並非單憑價格上的競爭，還包括我們各方面的服務質素，例如設計及制模能力、採購和物流支援、項目管理以至產品的付運等。舉例說我們其中一名跨國企業客戶最近從世界各地共三十多名供應商當中，評選集團為最佳表現第三名。或許投資者對於集團如何能持續超越規模遠比我們大數倍，甚至是數十倍的國際競爭對手中取得客戶之新項目感到疑惑，這就是最好的引証。對於要求極為嚴格的客戶而言，優質之服務令他們感到稱心滿意，便足以解釋為何我們這行業並不容易加入，亦是我們一直如此成功的秘訣。有時我亦分不清集團所從事的究竟是製造業抑或是服務業；及
 - 過去幾年，大部份的客戶均集中資源於處理業務推廣、品牌管理以及科研發展，他們需要的不僅是「部件供應商」，而是「問題解決者」。因此，客戶要求我們於原有的五金、塑膠業務當中不斷加入更多「電子專業代工」的元素。由於電子專業代工與五金塑膠業務的區別已變得愈來愈含糊，我們並不排除將來會將兩項業務融合為一作匯報之可能性。

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2. Production

- Our works of reforms have not been completed. In the current year we will continue our productivity initiatives including (but not limited to) the introduction of progressive stamping die, supplier-managed inventory system, departmental management by objectives, new supplier quality standards and appraisal system, integrated project team, standardization of project engineering procedures, new mechanical design group, central material library, cell/flexible production lines and so on;

2. 生產方面

- 改革的工作尚未完結，來年我們仍會繼續理首於改善生產力，當中包括(不局限於)快速五金沖壓(操兵模)、供應商存貨管理系統、部門目標為本管理、釐定評核新供應商之標準、項目專責小組、工程項目運作標準化、增設機械工程設計組、設立中央物料資料庫、細胞式／柔性生產線等等；



Money well-spent: The new 600-tons metal stamping machine facilitating the introduction of progressive stamping die.

資金用得其所：新配置600噸五金沖床用於配合快速「操兵模」的運作。

- However, impact of such changes take some time to work out and so we expect such initiatives will only be reflected in 2005/06; and
- Capex budget will be around HK\$65,000,000. (2003/04: HK\$60,000,000).
- 以上改善措施不會立刻見到成效，必需耐心等待，相信到二零零五／零六年度時其影響會逐步顯現；及
- 固定資產投資預算大概約65,000,000港元(二零零三／零四年度：60,000,000港元)。

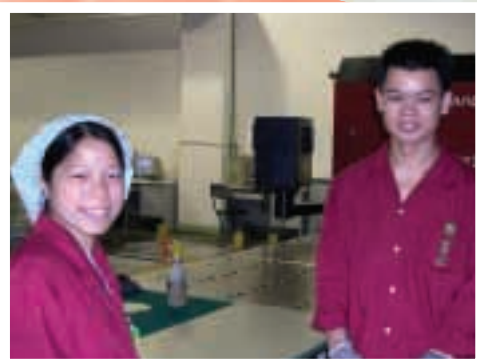
Chairman's Statement 主席報告

3. *Investors Relations*

- Since 2002, investors have paid a lot of attention to small-capitalisation stocks. However, with the change of economic environment small-caps stocks may be temporarily out of favour. Instead of wasting our time to attend to the uncertainty of the stock market, we are convinced that the best strategy is to continue to build up the brand franchise of Karrie by emphasising on good corporate governance, professional management and high dividend;
- a. We must build up our reputation as "reliable". We need our own franchise to command a premium;
- b. With these considerations in mind we will continue to try to differentiate our "product". We may not be the best but we are and will continue to be different. Borrowing our strategy in dealing with bankers we will not be afraid of any short term negative impact by putting all the positive and negative factors on the table. If we are not able to deliver what we have promised, we must inform our audience as soon as practicable. Corporate governance and transparency will continue to be the core stone of our investors relations policy; and

3. 投資者關係

- 投資者從二零零二年開始對中小型股份產生了濃厚的興趣，但隨著市場氣氛轉變，他們似乎又興趣大減了。但與其浪費時間關注著股票市場上的波動，我們認為倒不如努力專注於企業管治、專業化管理及股息政策等工作，積極建立「嘉利」品牌更為有建設性；
- a. 我們必須要建立「可靠」的聲譽，我們必須要有自己的品牌，地位才會得到肯定；
- b. 雖然我們未必是最優秀的，但我們考慮建立品牌的重要性，必須有別樹一格的形象，我們將維持獨有的風格路向。正如我們與銀行家交往一樣，我們並不擔心同時將好與壞的消息同時發放，縱然或許會帶來短暫的負面影響。若我們未能實踐承諾應盡早讓各關心我們的人仕知悉，而企業管治及企業透明度仍然是我們投資者關係政策的核心支柱；及

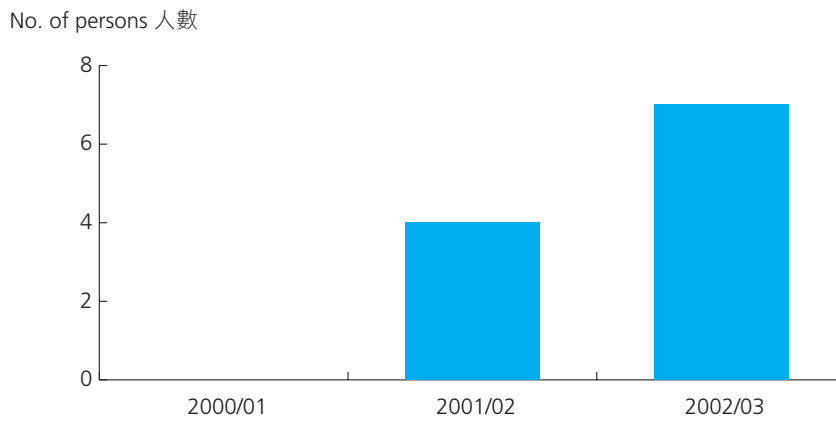


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c. Judging by the increasing (though still small) number of attendees to our annual general meeting, I do think we are on the right direction.

c. 從股東週年大會的參與人數逐年增加(雖然至今仍是微不足道)，我深信朝著這個方向走是正確的。

Shareholders' Attendance in Annual General Meeting
股東週年大會股東人數出席統計



Remarks: Excluding shareholders who are also directors or staff of the Company, or representatives from HKSCC Nominees Ltd.

註：若然該股東同時亦是本公司之董事或員工，或屬香港中央結算所之委任代表，皆不計算在內。

- for institutional investors, we will continue our tradition of attending meetings as invited whenever possible; and
- for retail investors, we will initiate a new "Friends of Karrie" program by reaching them directly through a tentative meeting program after each quarterly/interim announcement instead of waiting till the next annual general meeting. By the time of the first quarterly announcement, we hope that we will be ready to announce more details including the meeting time and venue so that individual investors will have the chance of meeting with the management team directly.

- 對於機構投資者，我們仍會如往常般盡量應邀出席他們的會議；及
- 對於公眾投資者，我們正在構思成立「嘉利之友」，嘗試於每次季度／中期業績後安排一些見面機會，無需讓投資者待至週年股東大會才見面。預期第一季度業績公佈時可進一步提供更確實的會面地點及時間等，讓眾投資者有更多機會直接與管理層見面。

I sincerely hope that investors will have patience to feel the pulse of our effort in marching toward excellence.

本人深深期望投資者能夠耐心等待，慢慢去感受集團的脈搏，與集團一起攜手邁向更卓越的明天。

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Top Gun in Production

Mr. Wong Shun Pang joined the Group in 1981 responsible for production and engineering. Very soon he became my chief assistant in running the manufacturing operation. Unfortunately, due to policy differences, Mr. Wong left the Group in 1993.

When the Group started to enter the new EMS field in 2001 and obtained new projects in the production of the laser printers, the professional managers of the Executive Committee strongly recommended Mr. Wong as the best candidate to take up the challenge.

The addition of Mr. Wong to our team certainly provided us with new momentum, as evidenced by the rapid growth of the EMS business in the last few years. Mr. Wong was appointed as a member of the Executive Committee in April 2003 and as an executive director of the Company on 1 June 2004. He is in charge of production and reform of the Group as a whole.

Of course we do not expect Mr. Wong to perform instant miracle in delivering results immediately. But with his experience in production management and the heightened team spirit, the Directors believe that the professional management team is now one more step closer to perfection. We will continue to exercise teamwork in marching toward excellence.

猛將加盟 如虎添翼

黃順鵬先生於一九八一年加入集團負責生產及工程事宜，為本人最得力助手，唯後期大家於管理上意見存在分歧，故黃先生於一九九三年離任。

二零零一年集團開始踏足電子專業代工業務，並取得了打印機生產機會，此新業務對集團而言乃一項新挑戰。「聞戰鼓，思良將」，執行委員會內之專業管理層向本人大力引薦黃先生，在此因緣際遇下與黃先生再度合作。

黃先生的加盟為集團帶來了新動力，從這幾年間集團電子專業代工業務的快速發展已可見一斑。為加強專業管理，黃先生於二零零三年四月被委任為執行委員會成員，繼而於二零零四年六月一日正式被委任為集團執行董事，負責整體生產管理及改革工作。

當然，我們不能期望黃先生一步到位，正所謂「十年樹木，百年樹人」，但憑藉黃先生於生產管理上的豐富經驗，與及整個團隊上下一心，董事們深信現時之專業管理梯隊組合更趨向完整，繼續發揮團隊精神，一起朝著共同目標為集團創出美好佳績。

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FINANCIAL RESOURCES

Strong Recurrent Cash flow

Despite the drop in profit, heavy capex program and payment of dividend, the Group continued to enjoy strong recurrent cash flow. The Finance Department must admit that it has under-estimated the cash generating ability of the core operation. The net bank borrowings as at 31 March 2004 was only HK\$6,287,000 or a net gearing ratio of 2%, a far cry from the expected 15 to 20% level.

However, the net gearing ratio may still go higher to 30% or above if:

- the Group needs to maintain a high capex program; and
- high investment in working capital especially in JIT inventory as sales picks up.

Financing Options

The Group will continue to maintain its close relationship with its core and non-core bankers. In addition, we have also arranged from Hang Seng Bank a new medium term loan facility of HK\$35,000,000 to improve the net current ratio. Such loan facility still remains undrawn as at today.

With the low cost of debt against the cost of equity, debt is the preferred financing method. However, should net gearing approach or exceed our safety level of 30% net gearing or interest rate continue to rise, we may have to consider the non-debt option.

財政資源

強勁現金流轉

雖然期內盈利下跌且有重大的固定資產投資計劃，加上派發股息，但集團仍能保持強勁的現金流轉，事實上財務部低估了核心業務的變現能力，而淨銀行借貸遠比我們原來預計的15%至20%之水平為低，截至二零零四年三月三十一日之淨借貸僅為6,287,000港元，或淨借貸比率2%。

假若出現以下情況，淨借貸比率仍有可能攀升至30%或更高的水平：

- 集團需要維持較大的固定資產投資計劃；及
- 當營業額上升時，即時供貨系統中的存貨會引致流動資金需求急升。

財務週轉的方法

集團與各核心及非核心的銀行繼續保持緊密合作關係，另外我們已從恒生銀行取得一項中期貸款額35,000,000港元，以改善淨流動資金比率，惟至今此筆貸款額尚未動用。

由於銀行借貸成本相比於股本成本為低，故此銀行借貸仍屬集團之首選，但若然集團之淨負債比例超出30%的安全水平時，又或者利率不斷上升，介時可能需考慮一些非銀行借貸形式的方案。

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The Dividend Alternative?

One of the possible non-debt financing option is to cut back on the Group's dividend payment, which totalled HK\$94,597,000 in 2003/04 (2002/03 final and special dividends and 2003/04 interim dividend). However, the Directors wish to make it crystal clear it has not committed a course of action, as the future is still very uncertain:

1. Barring any unforeseen change of business situation, should the Directors decide any change of the existing dividend policy, it would provide at least 6-months notice in advance; and
2. We fully recognise the value of dividend to some shareholders. The general criteria of any changes in our dividend policy must be based on three basic principles:
 - a. that the Group can put the money thus saved into more productive use consistent with our ROE ratio requirement;
 - b. that the changes are much cheaper to the shareholders than the potential dilutive effect of the issue of more equity; and
 - c. that the level of net gearing is not conducive to long term stability of the Group financial position.

Based on the current level of bank borrowings, interest rate expectation and business plan, we do not expect a serious review of the dividend policy until late 2004. But just in case if there are any changes of dividend policy by then, I would see it as a piece of good news, not bad news as finally the Group would be able to put its financial resources into value-enhancing investment instead of distributing the cash dividends.

改變股息政策會否是另一選擇?

其中一個可行的非銀行借貸資金週轉方法是減少派發股息，以二零零三／零四年度計算共派發94,597,000港元股息(二零零二／零三年度末期及特別股息及二零零三／零四年度中期股息)，但董事們向各位清楚說明，由於前景未明，故此直至現時董事們仍未有任何確實的決定：

1. 除出現不可預知的轉變外，倘若董事們對現行股息政策有任何改變，必會最少提前六個月通知公眾；及
2. 我們絕對明白股息對部份股東的重要性，若出現任何轉變必須符合以下三個重大原則：
 - a. 集團將省下的資金用於更具生產效益的用途，以符合提升股東權益回報率的要求；
 - b. 股東們因此付出之代價比起於資本市場籌集資金所帶來的股東攤薄效應較輕微；及
 - c. 淨負債比率的水平可能影響集團長遠的財務穩定狀況。

考慮到現時整體銀行借貸、息率走勢與及業務發展計劃，集團會待至二零零四年末才會對股息政策作審慎評估。倘若屆時真的出現了變化而改變派息政策，我會認為是一件好事，因為集團終於可以將資金靈活運用作增值投資，無需為處理多餘現金而派發股息。

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Optimal Capital Structure

We welcome a modest amount of net bank borrowings because:

1. such interest-bearing debts will provide a strong financial discipline on the management team; and
2. it will improve financial leverage in terms of return of capital.

Even at a 30% net gearing ratio, the incremental impact of a say 3% increase in interest rate will add around HK\$3,000,000 to our interest expense bill, hardly a significant figure in the overall context.

Provided that the net gearing ratio stays at the 30% level, we see no reason why we have to consider non-debt alternatives.

最合適的資本結構

我們歡迎一個溫和的淨銀行借貸水平，因為：

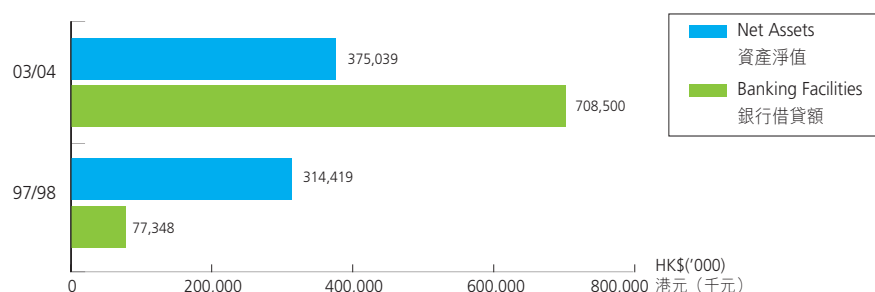
1. 需要支付利息的債務，可以加強管理層決策融資時的財務紀律；及
2. 採用財務槓桿以改善資金投資回報率。

倘若淨負債比率處於30%的水平而利率調升3%的話，其對集團利息支出的影響約3,000,000港元，對整體賬目的影響性不大。

假設淨負債比率能夠維持30%之水平，我們認為無必要考慮其他非借貸形式的資金週轉方法。

Comparison of banking facilities available and the net assets for 1998 and 2004

對比1998年與2004年之銀行借貸額及資產淨值



Why banks trust us now but not in 1998

when we had roughly the same amount of net assets?

1998年時集團淨資產值與2004年大致相同，為什麼銀行於1998年向集團投下不信任之一票？

Resources Available

The Directors are confident that with the cash holdings of HK\$245,203,000 and banking facilities of approximately HK\$708,500,000, the Group is able to meet its current operational and capital expenditure requirements.

As at 31 March 2004, part of the Group's banking facilities were secured by mortgages over certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$16,825,000 (2003: HK\$17,225,000).

可動用資源

以集團現時分別擁有手頭現金245,203,000港元與及銀行借貸額約708,500,000港元，董事們有信心足夠應付現時營運與及資本性開支的需要。

於二零零四年三月三十一日，本集團部份銀行融資之抵押為本集團位於中國之部份土地及樓宇，帳面值約16,825,000港元(二零零三年：17,225,000港元)。

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EXCHANGE RATE EXPOSURE

All the Group's assets, liabilities and transactions are denominated either in Hong Kong Dollars, US dollar or Renminbi. As the exchange rate of the Hong Kong dollar, US dollar and Renminbi were relatively stable during the year, the Group was not exposed to material exchange risk at the moment (please refer "Risk Management" on P.20). As at 31 March 2004, the Group's US dollar assets exceeded its US-dollar liabilities by US\$40,000,000.

CONTINGENT LIABILITIES

As at 31 March 2004, the Group had no significant contingent liabilities.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we continue to promote social responsibility programs quietly. In the current financial year, we have joined forces with our colleagues in donating and establishing new "schools of hopes". Our staff had also actively participated in a number of activities including visiting senior citizens and street cleaning campaign. Personally I have also done my part in joining various local trade associations to promote the dialogue with the local authorities.



Street cleaning campaign
街頭清潔運動

匯兌風險

集團所有資產、負債及交易均以港元、美元或人民幣計算，由於年內港元、美元及人民幣之匯率一直維持穩定，故此集團現時並無任何重大的匯兌風險。(請參閱第二十頁「風險管理」)截至二零零四年三月三十一日止，集團的美元資產較美元負債多出40,000,000美元。

或然負債

截至二零零四年三月三十一日止，本集團並無重大或然負債。



Participation in local trade associations of foreign enterprises
參與外商協會會務工作

企業社會責任

嘉利作為一個負責任之企業公民，我們一直默默地推行企業社會責任運動，不遺餘力。於本年度，集團與員工再度攜手捐助辦學，包括興建新的「希望學校」及參與助學活動，員工亦積極參與各項社區活動，包括探訪老人院、街頭清潔運動等。本人亦略盡棉力，為推動外商與當地政府之間的溝通，於多個外商投資企業協會中擔當會務工作。

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In 2001, the Group obtained the ISO 14001 Environmental Management System accreditation. We will continue our best effort in using environmental-friendly raw materials in products design, improving polluted air filtering system, speeding up the response to customers' queries in environment concerns in our products, reusing recycled waste water in toilet etc.

As the Group experienced a profit reduction in the current financial year, I have decided to promote various social activities out of my pocket so as to relieve the Group's financial burden. Fortunately the response was good. For example, in Fenggang, Dongguan, the site of our manufacturing base, we have recently initiated a new "culture workshop" to promote local culture and to attract talents. With the need of more and more top talents and the Group's emphasis on recruiting the best people, such "culture workshop" will help in attracting and retaining talents in the community in the long term.

EMPLOYMENT AND REMUNERATION POLICIES

Proactive Policies

With the recovery of the economy and the coming end of deflation in Hong Kong, we face the same problems like other employers in how to retain, motivate and recruit talented staff. As our competing advantage lies in the premium service offered to our customers, it is imperative that we have the best personnel resources available. Since 2001, we have gradually moved toward a performance-based rewarding system including:



Visiting senior citizens
探訪老人院



Contributing my modest part
略盡綿力

在二零零一年，我們獲頒ISO 14001環境管理體系認證。我們會繼續努力改進集團定下的環境改善措施，例如我們在設計產品方面盡量使用環保原材料、改善排氣過濾系統、加快回應客戶對我們的產品在符合環保要求上的查詢、將經處理過的廢水回用於洗手間等。

本人有感本年度之集團溢利有所倒退，故自資推廣多項社會公益事務，以減少集團此方面之財務負擔，可幸的是各方反應熱烈，例如最近本集團在生產基地東莞市鳳崗鎮組織「文化沙龍」，主力提升當地文化氣息及匯聚人才。現時國家求才甚殷，以集團一向致力於「以人為本」的精神，相信長遠而言，「文化沙龍」能為當地及集團招攬人才方面更添優勢。

僱員及薪酬政策

採取主動政策

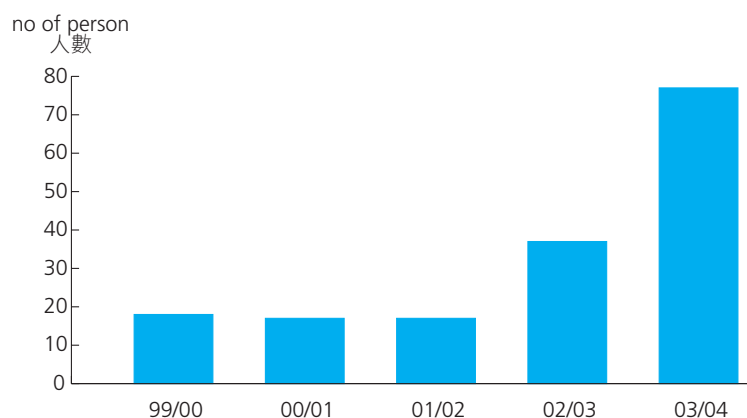
隨著整體經濟復甦，而香港通縮時代漸去，我們就如其他香港僱主一樣同樣面對如何挽留、推動與及招聘有才能的員工等難題，一直以來我們的競爭優勢源自優質的服務，故此提供最佳人才配合是必要的，自二零零一年集團已逐步推行以表現掛勾的獎勵制度，包括：

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1. abolishing the standard 13th month bonus and instead substituting a performance based bonus. Staffs are ranked according to a number of criteria. While those of sub-standard performance may not get any performance bonus, those with superb performance have been more richly rewarded than under the previous bonus system; and

1. 取消固有的第十三個月薪金，取而代之推出與表現掛勾的獎金制，員工按照不同的基準排列等級，表現低於標準的員工可能得不到任何獎金，至於有超卓表現的員工則會獲發比以往更為可觀的獎金；及

Summary of Share Options Granted to Employees
員工獲發購股權概括表



Linking the interest of our shareholders with a greater number of staff through stock options

透過派發購股權證予更多員工，將股東們之利益與他們串連在一處

2. staff entitling stock options are no longer limited to senior employees of the Group. In the current financial year, we have pushed the granting of stock options down the management ladder to foster a strong bond between the Group's overall performance and the staff's well-being. Despite the current negative feelings on the issue of options to staff, I am still convinced that shares options are the most effective way to link up the interest of the shareholders and staff. To protect the interest of the shareholders, we would of course closely monitor the amount of shares options issued and the vesting period to minimise its dilutive effect.

2. 擁有購股權的員工已不再局限於高職人員，於本財政年度，集團將購股權適用範圍擴大至整個管理階層，將員工的得益與及集團的整體表現互相緊扣。雖然近日外間對於派發員工購股權證有所保留，但本人始終認為將員工與股東之利益連成一線為最合適做法。當然從股東權益著想，我們會小心控制派發購股權證之數量與及行使日期，務求令股東權益的攤薄影響減至最低。

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Potential Dilutive Effect of Share Options

(As at 15 June 2004, total issued share capital is 401,356,000 shares)

購股權潛在攤薄影響

(截至二零零四年六月十五日已發行股本為 401,356,000股)

| Exercisable during or after the period 於期內或之後可行使之年度 | Number of exercisable outstanding share options 未行使購股權數目 | | | Percentage over total issued share capital 佔已發行股本之百分比 |
|--|---|-----------------------------|-------------------|--|
| | Directors 董事 | Other Participants 其他參與者 | Total 總數 | |
| 01/04/2004 - 31/03/2005 | 6,420,000 | 10,946,000 | 17,366,000 | 4.33% |
| 01/04/2005 - 31/03/2006* | 800,000 | 5,216,000 | 6,016,000 | 1.50% |
| 01/04/2006 - 31/03/2007* | 800,000 | 4,956,000 | 5,756,000 | 1.43% |
| Cumulative total 累計 | 8,020,000 | 21,118,000 | 29,138,000 | 7.26% |

* Additional exercisable outstanding share options during the period
於期間所增加之未行使購股權



The new canteen: does good food lead to more productive workers?
新建飯堂：好的食物能否為我們帶來更具效率的員工？

Stability vs Creativity

As at 31 March 2004, the Group employed on average 5,459 staff and workers in the previous year. Beside the proactive remuneration policies, we have also implemented changes to improve the quarters, canteens and other measures to retain and motivate staff.

穩定與創造力

截至二零零四年三月三十一日止，集團於過去一年平均聘有5,459職員與員工，除了採用較主動的薪酬政策外，我們不斷改善員工宿舍、飯堂與及多項措施來挽留及推動員工。

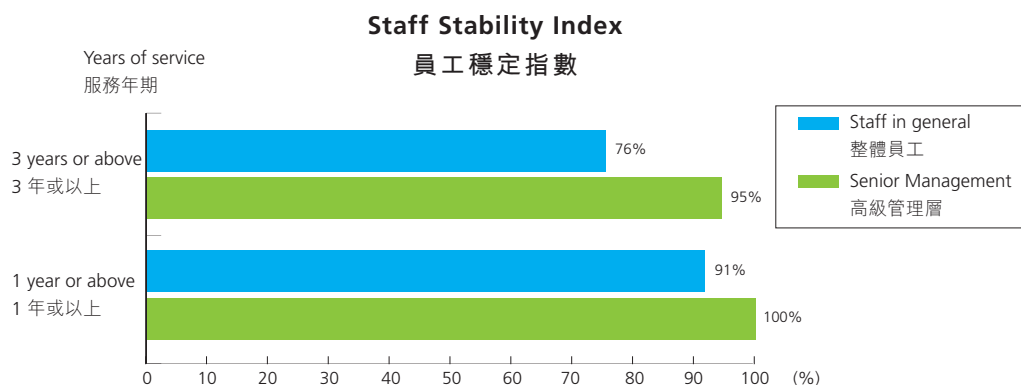


The new Karrie's e-newsletter
新的員工電子通訊站：
「嘉料站」

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While employee turnover is inevitable both in China and Hong Kong, the Group has a remarkable record of low staff and senior management turnover because of its unique culture and enlightened personnel policy. But while low staff turnover ratio is essential for stability, long service years may provide stumbling blocks for changes in this fast moving world. In this aspect,

雖然國內及香港出現員工流失情況是無可避免，但集團憑其獨有企業文化及開明的人事管理作風，由職員以至高級管理層的流失率都明顯較低，雖然員工的流失率低能令企業保持穩定，但在現今這個快速變化的時代，一成不變可能成為發展的絆腳石，



1. we are lucky that the Group is doing business with some of the biggest and best enterprises in the world in their field. To stay in the same rhythm, our colleagues have to run at the same pace of our demanding customers just to stay even; and

1. 集團有幸能替業內最大及最知名的企業合作，為了配合客戶的發展步伐，我們的同事必須緊貼客戶的步伐；及



Morale building with new interactive e-newsletter: staff winners of a photo-quiz sharing a light moment with the management team
利用互動式通訊站建立員工士氣：照片競猜得獎員工與管理層共享輕鬆時刻

2. Among other measures, we have started an e-newsletter to actively encourage a two-way communication flow.

2. 在眾多措施中，我們增設了一個電子化員工通訊站，加強員工彼此間的溝通。

In 2003/04, we have additionally recruited 10 more new colleagues from Hong Kong and overseas to our payroll. As at 31 March 2004, we have a total of 9 staff in overseas representative offices. We will continue to improve our employment and remuneration policies to recruit top talents to join us to cater for our demanding customers.

於二零零三／零四年度，我們額外招聘了十名香港以至海外的職員，截至二零零四年三月三十一日，我們的海外辦事處共聘有九名職員，我們會繼續完善僱員及薪酬政策，並致力廣納人才以滿足客戶的需要。

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APPRECIATION

I would like to thank our customers, suppliers, bankers, shareholders and others who have extended their invaluable support to the Group, and my fellow directors, managers and all staff for their considerable contributions to the Group.

Ho Cheuk Fai

Chairman

Hong Kong, 25 June 2004

致謝

本人謹向一直鼎力支持集團的所有客戶、供應商、往來銀行、股東、以及所有給予本公司支持者致以衷心致謝。此外更感謝一直為集團作出寶貴貢獻之董事、經理及員工們。

主席

何焯輝

香港，二零零四年六月二十五日

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APPENDIX 1

Special Characteristics of Our Business Model

Some or all of the following characteristics apply in our dealing with customers. Such characteristics have been generalised/simplified to enable easy understanding:

1. We deal with projects, which can take one year of development and engineering works from initial project confirmation to final shipment of goods. A project's shipment cycle can run for 12 to 18 months.
2. We do not normally have a large orders backlog because the customers' adoption of either the just-in-time (JIT) inventory, rolling forecast, Electronic Data Interexchange (EDI) or a combination of the above methods.
3. Usually we are the only vendor for a particular project and therefore have the obligation to ship goods to customers even if the sales volume is much higher than the initial projection.
4. Most of our customers are not retailers, but manufacturers themselves. Some of them even have factories in China. Most of the electronics components are either sourced through the customers or their designated suppliers.
5. While the metal and plastic enclosures business is an integral part of the computer and computer peripheral sector, the industry thrives only in Taiwan but not in Hong Kong.
6. Our customers are mostly multi-national companies. Thus we frequently have the situations like project originated in Japan, components assembled in China while the final products shipped to Asia or Europe. Our definition of breakdown by market is by shipment destination but not country of origin of the customers.

附錄一

經營模式之特色

以下的幾點經營特色或多或少是我們與客戶之間生意上交往時會遇到的，方便大家理解，已將下列之特色簡化表達：

1. 我們接回來的生意一般是以項目形式進行，而每個項目從開發，工程設計到起辦，至成品付運，整個過程為時約一年，而項目本身之週期為十二至十八個月。
2. 一般我們並無大量的實單在手，因為客戶落單以即時供貨(JIT)，「滾動式預算」又或以「電子信息交換系統」(EDI)進行，甚至混合以上形式等。
3. 很多時我們所負責的項目都是客戶該項目的唯一供應商，因此就算客戶突然將訂單數量增加，我們亦有責任準時付運。
4. 我們的客戶大多是廠家，而非零售商，有些更於中國設有廠房，大部份的電子零件都是客戶指定供應商又或是他們自己提供的。
5. 雖然五金塑膠外殼業務乃電腦及其週邊產品的核心部份，但這行業於台灣遠比香港盛行。
6. 我們的客戶大部份屬國際知名品牌，故很多時會出現如下情況：客戶之項目源自日本，但在中國生產，成品最終付運到亞洲及歐洲等地。而我們對於市場分佈之界定則以成品付運終點站為準，而非客戶來自那個國家。

Chairman's Statement 主席報告

APPENDIX 2

Corporate Governance

1. Three independent non-executive directors out of a total of nine directors;
2. Establishment of an Executive Committee to improve decision-making efficiency;
3. Efforts to improve transparency
 - meetings with the press and analysts; and
 - detailed explanation of corporate strategies and the rationale behind;
4. Clearly defined dividend policy of payment of 50% or more of the after tax profit;
5. Clearly defined ROE objective of 20%;
6. Clearly defined future turnover targets;
7. Announcing quarterly results - Putting the shareholders' interest first in publishing a disappointing quarterly profit drop in September 2003 instead of just following the previous practice of publishing turnover figure only (which showed an increase of 19% for the first quarter of 2003/04).....as if we were not able to deliver according to plan, we will let the investors know as far as practical;
8. Increasing the number of audit committee meetings to 4 times a year;
9. Encouraging executive directors to hold at least 500,000 shares of the Group;
10. Including a social responsibility statement in the annual report;
11. Estimating the cost of options granted; and
12. Enhancing stock market liquidity with the major shareholder's placement of 60,000,000 shares to institutional shareholders in May 2003.

附錄二

公司管治

1. 九名董事會成員中,獨立非執行董事共佔三席;
2. 成立執行委員會加快決策效率;
3. 致力提高透明度
 - 與媒體及分析員會面; 及
 - 詳細解釋集團策略與其背後之理念;
4. 將除稅後溢利之50%或以上用作派息作為集團之派息政策;
5. 清晰釐定股東權益回報率目標為20%;
6. 清晰釐定集團未來銷售目標;
7. 公佈季度業績—以照顧股東利益為大前題,於二零零三年九月選擇公佈了令人失望的季度盈利報告,而非按之前的做法只公佈銷售數字(二零零三/零四年度第一季銷售額上升了19%).....即使我們未能按實踐承諾,仍會盡力讓投資者知道事實;
8. 增加召開審核委員會會議之次數至每年四次;
9. 鼓勵各執行董事持有不少於500,000股集團股份;
10. 於年報內增設企業社會責任的部份;
11. 估計購股權之成本; 及
12. 為提高市場流通量,集團之主要股東於二零零三年五月向機構投資者配售60,000,000股份。

Chairman's Statement 主席報告

APPENDIX 3

附錄三

Dividends and Dividend Policy
股息及股息政策

Group's policy to distribute 50% or more of its profits attributable to shareholders' as dividends
集團既定股息政策為股東應佔溢利50%或以上用作派息

Seven Years' Trend of Dividend Payment

過去7年派息資料參考

All dividend paid shown below is in HK cents per share
下列每股派發之股息全以港仙計算

| | Interim | Final | Subtotal | Interim Special | Final Special | Special Subtotal | Total | Dividend Payout Ratio | |
|---------|---------|-------|----------|--------------------|------------------|---------------------|-------|--------------------------|--------------|
| | 中期 | 末期 | 小計 | 中期 特別股息 | 末期 特別股息 | 特別股息 小計 | 合計 | (Excluding)* | (Including)# |
| | | | | | | | | (不包括在內)* | (包括在內)# |
| 1997/98 | Nil 無 | 1.00 | 1.00 | Nil 無 | Nil 無 | Nil 無 | 1.00 | 13% | N/A 不適用 |
| 1998/99 | 2.00 | 2.00 | 4.00 | Nil 無 | Nil 無 | Nil 無 | 4.00 | 58% | N/A 不適用 |
| 1999/00 | 2.20 | 2.20 | 4.40 | Nil 無 | Nil 無 | Nil 無 | 4.40 | 77% | N/A 不適用 |
| 2000/01 | 1.10 | 3.80 | 4.90 | Nil 無 | 6.20 | 6.20 | 11.10 | 69% | 156% |
| 2001/02 | 5.00 | 5.90 | 10.90 | 5.00 | 14.10 | 19.10 | 30.00 | 50% | 138% |
| 2002/03 | 8.00 | 11.00 | 19.00 | Nil 無 | 5.00 | 5.00 | 24.00 | 60% | 75% |
| 2003/04 | 8.00 | 12.00 | 20.00 | Nil 無 | Nil 無 | Nil 無 | 20.00 | 87% | N/A 不適用 |

Remarks: *Excluding special dividend
備註： *不包括特別股息

#Including special dividend
#包括特別股息

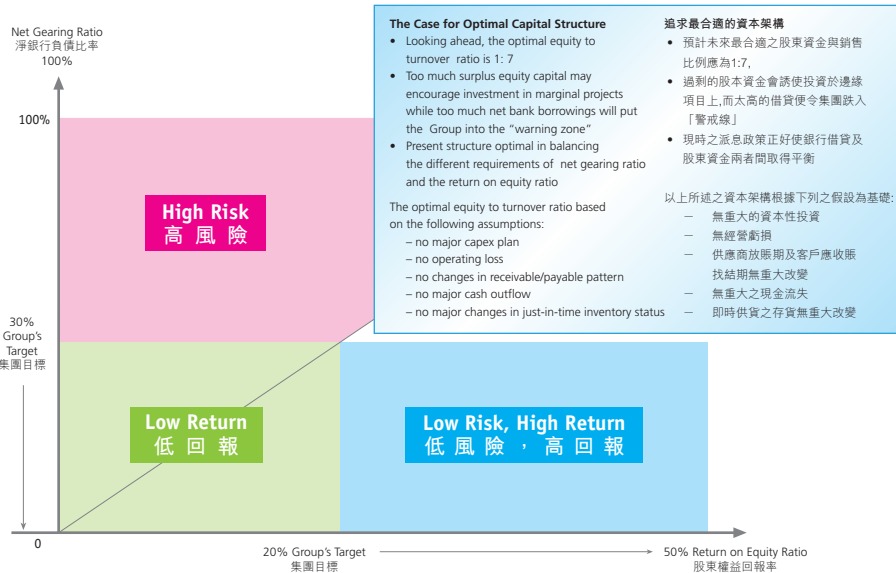
Chairman's Statement 主席報告

APPENDIX 4

附錄四

Equity to Turnover Ratio
股東資金與銷售比例

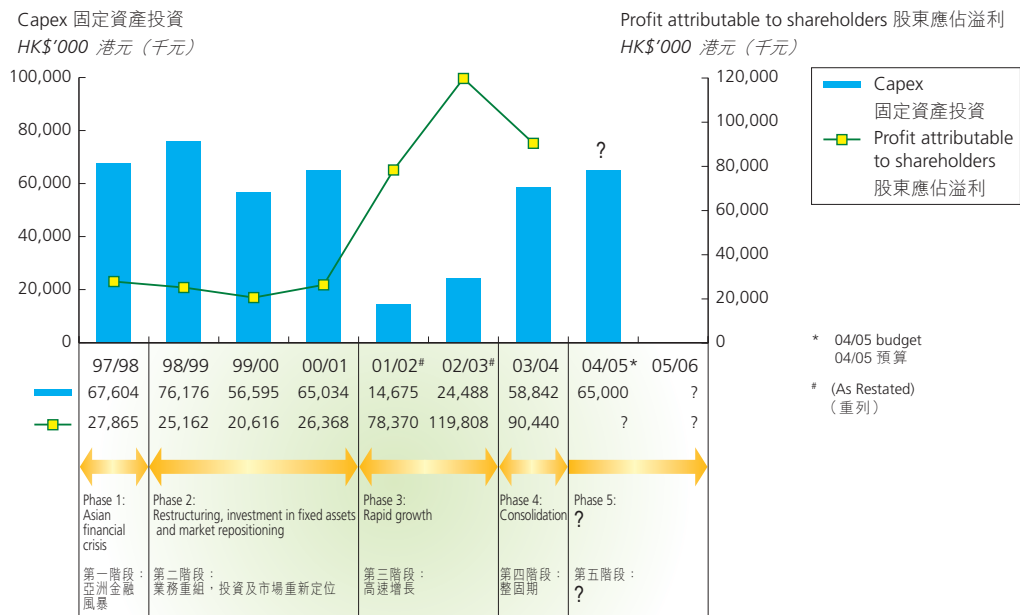
Simplified Diagram showing relationship between Group's Net Gearing Ratio and Return on Equity Ratio
簡易圖表說明集團股東權益回報率與淨銀行負債比率之關係



APPENDIX 5

附錄五

Capex
固定資產投資



Chairman's Statement 主席報告

APPENDIX 6

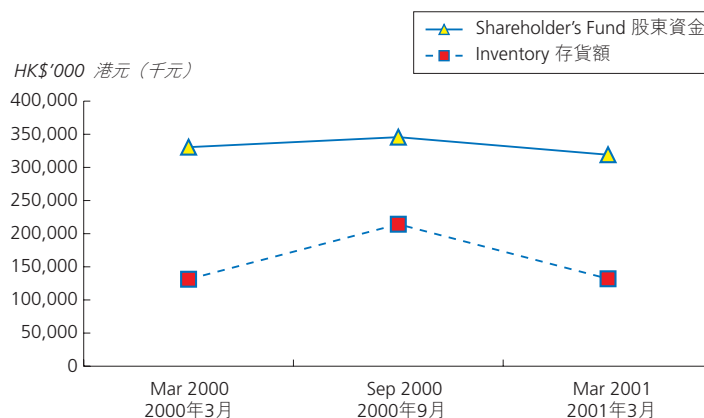
Superb management? Or Just Pure Luck?

- Solving liquidity problem during the Asian Financial Turmoil, 1998
 - Severe cash flow squeeze resulting from the suspension of credit facilities from most banks and financial problem of a major customer; and
 - Recovering from a net bank borrowing of HK\$66,000,000 as at 31 March 1998 to a net bank borrowings of HK\$6,000,000 as at 31 March 2004 after payment of dividends of more than HK\$270,000,000 during that period (excluding final dividends of 2003/04)
- Dealing with excess inventory build-up in 2000

附錄六

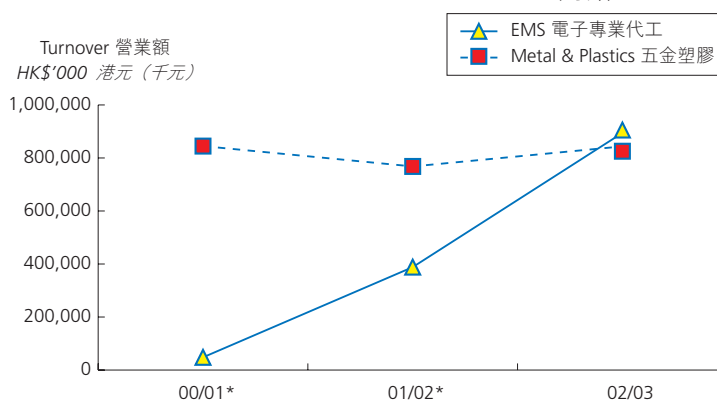
是優質管理？抑或純粹運氣？

- 化解一九九八年之金融風暴中遇到資金週轉問題
 - 因大部份銀行收縮貸款，及其中一名主要客戶遇到財政困難，而產生嚴重資金週轉問題；及
 - 從一九九八年三月三十一日之淨銀行借貸為66,000,000港元，到二零零四年三月三十一日止之淨負債為6,000,000港元，期間已派發超過270,000,000港元作為股息（未計算二零零三／零四年度之末期股息）
- 解決二零零零年之存貨過多問題



- Starting the EMS business from zero in 2001

- 電子專業代工業務於二零零一年由零開始



* Including moulds sales after reclassification

* 重整業務分類，包括模具銷售在內

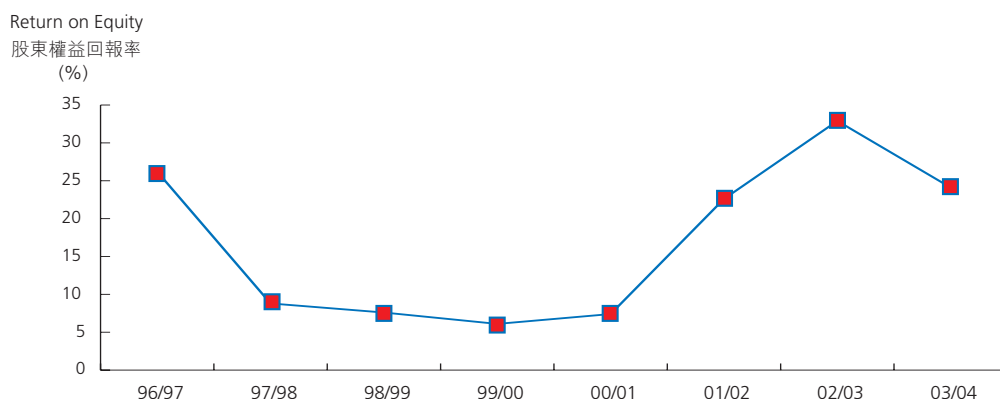
Chairman's Statement 主席報告

APPENDIX 6 (Cont'd)

附錄六 (續)

4. Efficient deployment of capital with Group's Target ROE at 20% or above

4. 有效地運用集團資金，而集團之股東權益回報率目標釐定於20%或以上



HK\$ (m)
港元 (百萬)

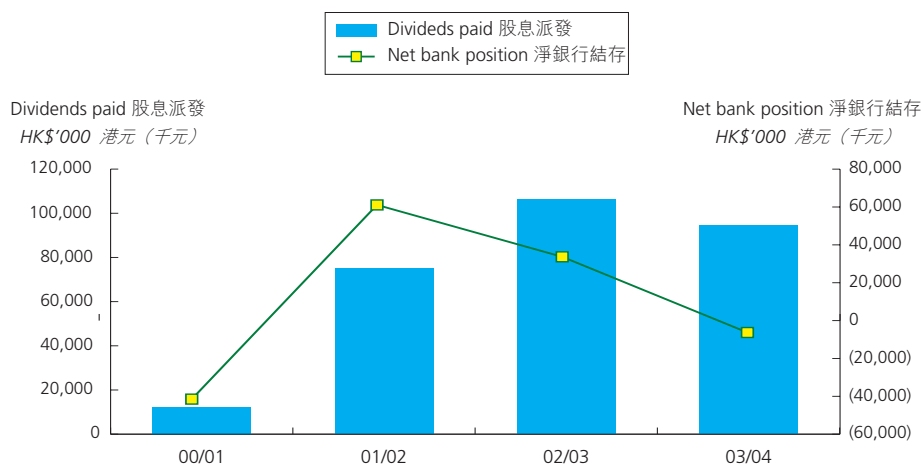
| | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | 01/02* | 02/03* | 03/04 |
|---|-------------|------------|------------|------------|------------|-------------|-------------|-------------|
| Profit attributable to Shareholders 股東應佔溢利 | 81 | 28 | 25 | 21 | 26 | 78 | 120 | 90 |
| Shareholders' Equity 股東權益 | 310 | 318 | 332 | 339 | 356 | 347 | 364 | 375 |
| Return on Equity (%) 股東權益回報率 (%) | 26.2 | 8.8 | 7.6 | 6.1 | 7.4 | 22.6 | 32.9 | 24.1 |

* As Restated

* 重列

5. Strong recurrent cash flow

5. 強勁現金流量



(HK\$'000) 港元 (千元)

| | 00/01 | 01/02 | 02/03 | 03/04 |
|--|-----------------|---------------|---------------|----------------|
| Final and special dividends of prior year 去年度之末期及特別股息 | 8,230 | 37,429 | 75,841 | 62,577 |
| Interim and special dividends of current year 本年度之中期及特別股息 | 4,112 | 37,509 | 30,468 | 32,020 |
| Dividends Paid 年內派發之股息 | 12,342 | 74,938 | 106,309 | 94,597 |
| Net bank position 淨銀行結存 | (41,474) | 61,098 | 33,690 | (6,287) |

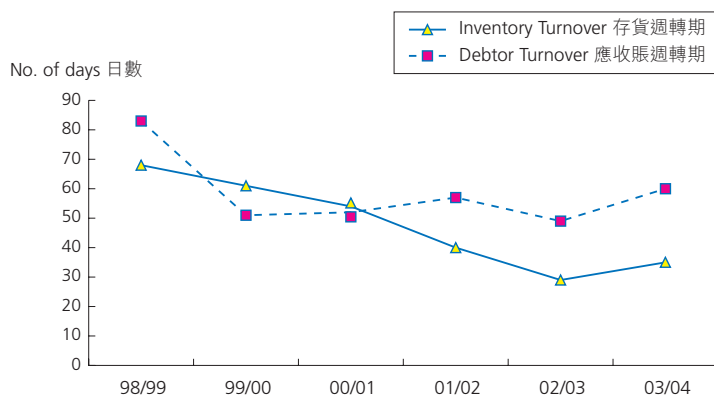
Chairman's Statement 主席報告

APPENDIX 6 (Cont'd)

附錄六 (續)

6. Excellence in Management: Inventory & Debtor Turnover

6. 卓越管理: 存貨及應收賬週轉期



| (no. of days) (日數) | 98/99 | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Inventory Turnover 存貨週轉期 | 68 | 61 | 54 | 40 | 29 | 35 |
| Debtor Turnover 應收賬週轉期 | 83 | 51 | 52 | 57 | 49 | 60 |

Notes 註 :

Inventory turnover (Base on average stock value/Sales) X 365 days

Debtor turnover (Base on average debtors/Sales) X 365 days

存貨週轉期 (以平均存貨值/銷售價值) X365 日

應收賬週轉期 (以平均應收賬/銷售價值) X365 日

Senior Management Profile 高級管理人員之個人資料

DIRECTORS

Executive Directors

Mr. HO Cheuk Fai, aged 58, was appointed as a Director of the Company in October 1996 and is the Chairman and Chief Executive Officer of the Company as well as the founder of the Group. Prior to founding the Group in 1980, Mr. Ho had over 10 years' experience in factory management and in manufacturing plastic, metal and electronic products. He is responsible for the Group's overall corporate strategies and objectives. He is also a director of Pearl Court Company Limited, a corporate substantial shareholder of the Company, and the brother of Mr. Ho Cheuk Ming and husband of Ms. Ho Po Chu.

He is a fellow member of the Asian Knowledge Management Association. He has been appointed as a member of Chinese People's Political Consultative Conference, Dongguan City, Guangdong Province in March of 2004. Mr. Ho is currently participating in affairs of different association of foreign investors, which including China Association of Enterprises with Foreign Investment, Guangdong Association of Enterprises with Foreign Investment, Dongguan City Association of Enterprises with Foreign Investment and Dongguan City Fenggang Association of Enterprises with Foreign Investment.

Mr. HO Cheuk Ming, aged 50, was appointed as a Director of the Company in October 1996, and is a Deputy Chairman and Chief Operation Officer as well as the Convener of the Executive Committee of the Group. He is responsible for overall supervision of the Group's operation. He joined the Group in 1980 and has over 20 years' experience in factory production. He is also a director of Pearl Court Company Limited, a corporate substantial shareholder of the Company, and the brother of Mr. Ho Cheuk Fai and the brother-in-law of Ms. Ho Po Chu.

董事

執行董事

何焯輝先生，五十八歲，於一九九六年十月獲委任為本公司董事，並為本公司主席兼行政總裁及本集團的創辦人。於一九八零年成立本集團前，彼擁有逾十年工廠管理及塑膠、金屬與電子產品製造經驗。彼負責集團之整體企業策略及目標。彼為本公司法團大股東 Pearl Court Company Limited 之董事，及為何卓明先生的兄長及何寶珠女士的丈夫。

彼為亞洲知識管理協會院士，並於二零零四年三月被委任為第十屆廣東省東莞市政協委員。彼積極參與多個外商協會事務，其中包括有中國外商投資企業協會、廣東外商投資企業協會、東莞市外商投資企業協會及東莞市鳳崗外商投資企業協會。

何卓明先生，五十歲，於一九九六年十月獲委任為本公司董事，並為本集團副主席兼營運總裁及執行委員會召集人，負責本集團整體業務運作監督。彼於一九八零年加入本集團，擁有逾二十年工廠生產經驗。彼為本公司法團大股東 Pearl Court Company Limited 之董事，及為何焯輝先生之弟及何寶珠女士的小叔。

Senior Management Profile 高級管理人員之個人資料

Mr. KWOK Wing Kin, Francis, aged 42, was appointed as a Director of the Company in October 2000, and is a Deputy Chairman and the Marketing Director as well as a member of the Executive Committee of the Group. Mr. Kwok graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a diploma in business management and is an associate member of The Hong Kong Management Association. Prior to joining the Group in 1989, Mr. Kwok had ten years' experience in plastic manufacturing sector and procurement work in electronics manufacturing sector.

Mr. TAM Wing Hung, aged 45, was appointed as a Director of the Company in October 1996, and is the General Manager of the Group's manufacturing plant in the People's Republic of China (the "PRC"). He is responsible for supervising the Group's production activities in the PRC. Mr. Tam has been working for the Company's wholly-owned subsidiary, Hong Kong Hung Hing Metal Manufacturing Company Limited, since 1973 and has over 20 years' experience in the metal manufacturing business.

Mr. LEE Shu Ki, aged 48, was appointed as a Director of the Company in December 1997, and is a member of the Executive Committee of the Group. He is responsible for overseeing the daily operation of the Group's Accounting Department. Mr. Lee graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy and is an associate member of the Chartered Institute of Management Accountants of the United Kingdom. He has over 15 years' accounting and financial management experience in manufacturing businesses. Mr. Lee joined the Group in June 1995.

郭永堅先生，四十二歲，於二零零零年十月獲委任為本公司董事，並為本集團副主席兼市場總監及執行委員會成員之一。郭先生畢業於香港理工學院（現稱香港理工大學），持有工商管理文憑，並為香港管理專業協會之會員。郭先生於一九八九年加入本集團之前，擁有十年塑膠製造及電子採購之經驗。

談永雄先生，四十五歲，於一九九六年十月獲委任為本公司董事，彼為本集團中國廠房總經理，負責監督本集團在中國之生產業務。彼自一九七三年起在本公司全資附屬公司香港雄興金屬製品有限公司任職，擁有逾二十年金屬製造業務經驗。

李樹琪先生，四十八歲，於一九九七年十二月獲委任為本公司董事，並為本集團執行委員會成員之一，負責管理本集團會計部之日常運作。彼畢業於香港理工學院（現稱香港理工大學），持有會計學高級文憑，並為英國特許管理會計師公會之會員。彼擁有逾十五年製造業之財務管理經驗。李先生於一九九五年六月加入本集團。

Senior Management Profile 高級管理人員之個人資料

Mr. WONG Shun Pang, aged 52, was appointed as a Director of the Company on 1 June 2004 and is the Senior General Manager in charge of the factories owned by the Group in the People's Republic of China and is a member of the Executive Committee of the Group. He is responsible for the operations of China factories. Mr. Wong graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher certificate in Production and Industrial Engineering. Mr. Wong had worked for the Group from 1981 to 1993 and rejoined the Group in 2001. He had over 30 years' experience in engineering and manufacturing management for plastic, metal and electronics industries.

Independent Non-executive Directors

Mr. SO Wai Chun, aged 55, was appointed as an Independent Non-Executive Director of the Company in July 2001. Mr. So has been carrying on business in Hong Kong and the People's Republic of China for over 20 years. He is the major shareholder and director of three Hong Kong companies. His businesses are mainly in insurance, leasing, investment and trading. In 2000, Mr. So was appointed as the China Representative of Forestry New Zealand Limited, a subsidiary of Evergreen Forestry Limited which is a listed company in New Zealand.

Mr. LEUNG Wai Ho, aged 54, was appointed as an Independent Non-Executive Director of the Company in December 1997. Mr. Leung has over 38 years' experience in the watch industry. He is highly involved in many social activities of the industrial field in Hong Kong and the People's Republic of China as well as public services in the business community. Mr. Leung was one of the awardees of The Young Industrialist Awards of Hong Kong 1990. Presently, he is the Advisor of the Hong Kong Watch Manufacturers Association, the Chairman of Hong Kong Watch & Clock Technology Centre, a member of The China General Chamber of Commerce Standing Committee, a committee member of the Chinese Manufacturers' Association of Hong Kong, the Honorary President of The Hong Kong Chamber of Commerce in China – Guangdong,

黃順鵬先生，五十二歲，於二零零四年六月一日獲委任為本公司董事，並為本集團中國廠房高級總經理及本集團執行委員會成員之一，負責監督中國廠房之生產及整體營運。黃先生畢業於香港理工學院（現稱香港理工大學），持有生產及工業工程高級證書。黃先生於一九八一至一九九三年間為本集團服務，並於二零零一年重新加盟，彼擁有逾三十年於塑膠、五金及電子行業的工程及製造管理經驗。

獨立非執行董事

蘇偉俊先生，五十五歲，於二零零一年七月獲委任為本公司獨立非執行董事。蘇先生在香港及中國經商超過二十年，為三間香港公司的主要股東及董事，從事保險、信貸、投資及貿易等業務。蘇先生於二零零零年曾被委任為新西蘭森林木材有限公司（Forestry New Zealand Limited）的中國代表。該公司乃新西蘭上市公司—Evergreen Forestry Limited的附屬公司。

梁偉浩先生，五十四歲，於一九九七年十二月獲委任為本公司獨立非執行董事。梁先生從事鐘錶業逾三十八年，一向不遺餘力推動香港及內地經濟和工業發展，多年來參與各項社會公務，並於一九九零年榮獲香港青年工業家獎。梁先生現為香港表廠商會之顧問、香港鐘錶科技中心主席、香港中華總商會常務會董、香港中華廠商聯合會會董、中國香港（地區）商會—廣東榮譽會長、中國外商投資企業協會理事及

Senior Management Profile 高級管理人員之個人資料

member of the General Committee of China Association of Enterprises with Foreign Investment and the President of The Dongguan City Association of Enterprises with Foreign Investment. Mr. Leung is also a non-executive director of Wai Yuen Tong Medicine Holdings Limited, a company whose shares are listed on the Main Board of the Hong Kong Stock Exchange.

Mr. CHAN Sui Sum, Raymond, aged 64, was appointed as an Independent Non-Executive Director of the Company in February 1998. He graduated from Oklahoma Baptist University in the United States with a bachelor degree in Arts in 1964. Mr. Chan has over 30 years' experience in the construction industry. He is also a director of Chaplin Chemicals Limited and Shelton Food Industry Limited.

Management

Ms. HO Po Chu, aged 55, is the Director of Administration of the Group. Ms. Ho is one of the founding members of the Group in 1980 and has over 20 years' experience in office administration and purchasing. She is responsible for supervising personnel and overall administration of the Group. She is also a director of Pearl Court Company Limited, a corporate substantial shareholder of the Company, and the wife of Mr. Ho Cheuk Fai and sister-in-law of Mr. Ho Cheuk Ming.

Mr. CHOW Kwok Hung, Alfred, aged 48, is the Chief Financial Officer for treasury and a member of the Executive Committee of the Group. Mr. Chow graduated from The University of Hong Kong with a bachelor degree in Social Science. Mr. Chow is an associate member of The Hong Kong Society of Accountants and The Association of Chartered Certified Accountants and has over 15 years' experience in financial management. He joined the Group in April 1998 and is responsible for the Group's financial management and strategic planning.

東莞市外商投資企業協會會長。彼亦為位元堂藥業控股有限公司之非執行董事，而該公司之股份已在香港聯合交易所之主板上市。

陳瑞森先生，六十四歲，於一九九八年二月獲委任為本公司獨立非執行董事。彼於一九六四年取得美國奧克拉荷馬大學文學士學位。陳先生從事建造業逾三十年。彼現為卓麟化原有限公司及南寧兆中食品工業有限公司之董事。

管理人員

何寶珠女士，五十五歲，本集團行政總監。何女士為本集團於一九八零年成立時的創辦人之一，擁有逾二十年辦公室行政及採購經驗。彼負責監督本集團之人事及整體行政工作。彼為本公司法團大股東 Pearl Court Company Limited 之董事，及為何焯輝先生之夫人及何卓明先生的大嫂。

周國雄先生，四十八歲，本集團司庫部財務總監及執行委員會成員之一。周先生畢業於香港大學，持有社會科學學士學位。彼為香港會計師公會及英國特許會計師公會之會員，擁有逾十五年財務管理經驗。彼於一九九八年四月加入本集團，負責本集團的財務管理及策略規劃。

Senior Management Profile 高級管理人員之個人資料

Mr. LI Cheuk Sum, aged 55, is responsible for supervising the operation of sales and marketing department (division 3) of the Group. Mr. Li has over 20 years' experience in the manufacture and sale of video cassette housings. Prior to joining the Group in 1980, Mr. Li had over 10 years' experience in the electronics industry and in marine radio communication.

Mr. WONG Siu Ching, aged 46, is the Marketing Director (Division 1) of the Group, responsible for project development and marketing for the Group. Prior to joining the Group in 1988, Mr. Wong had over 10 years' experience in sales and marketing.

Mr. Cheung Pui Kuen, aged 43, is the Material & Logistics Director of the Group, responsible for the overall operation of the Group's supply chain management and logistics system. Mr. Cheung graduated from The Loughborough University of Technology, United Kingdom with a bachelor degree in Aeronautical Engineering and Design. He also holds a master degree in Industrial Engineering and Industrial Management from The University of Hong Kong. Mr. Cheung had worked for the Group from 1996 to 1998 and rejoined the Group in 2001. He had over 16 years' experience in manufacturing engineering and procurement management.

Ms. TAM Fung Ping, Edith, aged 46, is the General Manager of Storage Product and Electronics Manufacturing Services (EMS) Department, responsible for the production and operations of storage products and EMS Business of the Group. Ms. Tam graduated from The University of Ottawa in Canada with a bachelor degree in Mechanical Engineering. Ms. Tam had worked for the Group from 1990 to 1993 and rejoined the Group in 2000. Prior to joining the Group, she had four years' experience as manufacturing engineer and purchasing specialist in the electronics manufacturing companies, and eight years' experience in logistic management in the factories stationed in the People's Republic of China.

李焯森先生，五十五歲，彼負責本集團市場部(第三組)之業務。李先生擁有逾二十年錄影帶產品製造及銷售經驗。彼於一九八零年加入本集團之前，已有十年以上電子業及海事無線電通訊經驗。

王少正先生，四十六歲，本集團市場總監(第一組)，負責本集團項目發展及市場推廣。於一九八八年加入本集團前，王先生擁有逾十年銷售及市場推廣經驗。

張沛權先生，四十三歲，本集團物流部總監，負責監督集團整體供應鍊管理及物流系統。張先生於英國Loughborough科技大學畢業，持有航空學工程及設計學士學位，並持有香港大學工業工程及工業管理碩士學位。張先生曾於一九九六至一九九八年間為本集團服務，並於二零零一年重新加盟；彼擁有逾十六年製造業工程及採購管理經驗。

譚鳳萍小姐，四十六歲，本集團存儲產品及電子代工部總經理，負責監督集團存儲產品及電子專業代工業務之生產及整體營運。譚小姐畢業於加拿大渥太華大學，持有機械工程學士學位。譚小姐於一九九零至一九九三年間為本集團服務，並於二零零零年重新加盟，加盟本集團前，彼擁有四年任職電子製造公司之製作工程師和專業採購員及八年駐守中國內地的工廠物料管理經驗。

Senior Management Profile 高級管理人員之個人資料

Mr. CHAN Wah Ying, aged 39, is the Assistant Quality Director of the Group. Mr. Chan graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher certificate in Manufacturing Engineering. Prior to joining the Group in 1992, Mr. Chan had over 13 years' experience in quality management in an electronic manufacturing company.

Ms. YIU Yuet Fung, aged 39, is the Assistant General Manager at the Group's factories in China, responsible for administration and production of assembly departments. She joined the Group in 1984 and has over 15 years' experience in managing the production process of manufacturing industries.

Mr. CHAN Raymond, aged 37, is the Assistant Marketing Director of the Group, responsible for marketing development work. He joined the Group in 1985 and has over 15 years' experience in sales and marketing.

Mr. WONG Fok Tsun, Albert, aged 52, is the Internal Audit Manager of the Group, responsible for setting up of internal audit function and Mr. Wong reports directly to Board of Directors and Internal Audit Committee. Mr. Wong graduated from Curtin University of Technology, WA with a bachelor degree in Management and Marketing. He also holds a master degree of Accounting from the same University. He is an associate member of each of The Association of International Accountants, UK and CPA Australia. Also he is a member of The Institute of Internal Auditors Inc. U.S.A. Mr. Wong has over 10 years' experience in internal auditing and 12 years' experience in financial accounting. He joined the Group in March 2003.

Ms. CHAN Ming Mui, Silvia, aged 32, is the Senior Executive Manager of Administration Department and responsible for overall operation of personnel, administration and EDP department of the Group. Ms. Chan is one of the members of internal audit committee of the Group. Ms. Chan graduated from The City University of Hong Kong majoring in Public Administration and Management. She joined the Group in 1996 and has over 7 years' experience in administration and management.

陳華英先生，三十九歲，本集團品質部副總監。陳先生畢業於香港理工學院（現稱香港理工大學），持有製造工程高級證書。彼於一九九二年加入本集團前，擁有逾十三年於電子製造公司的品質管理經驗。

姚月鳳小姐，三十九歲，本集團中國廠房之副總經理，負責監督及管理行政及裝配部門。彼於一九八四年加入本集團，擁有逾十五年於製造業生產程序管理經驗。

陳毅文先生，三十七歲，本集團市場部副總監，負責市場業務拓展。彼於一九八五年加入本集團，擁有逾十五年銷售及市場推廣經驗。

黃福全先生，五十二歲，本集團內部審計經理，負責建立內部審計運作程序及直接向董事會及內部審計管理委員會報告。黃先生畢業於西澳洲Curtin科技大學，持有管理及市場學士學位，並持有同一大學會計學碩士學位。彼為英國國際會計師公會及澳洲會計師公會會員，亦為美國內部審計師學會的會員；擁有逾十年內部審計及十二年財務會計經驗。彼於二零零三年三月加入本集團。

陳名妹小姐，三十二歲，本集團行政部之高級經理，負責人事、行政及電腦部整體運作。陳小姐是集團內部審計管理委員會之成員。陳小姐於香港城市大學畢業，主修公共行政及管理。彼於一九九六年加入本集團，擁有逾七年行政及管理經驗。

Report of The Directors 董事會報告

The board of Directors (the "Board") has the pleasure of presenting its report together with the audited accounts ("the "Accounts") of Karrie International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of computer casings, office automation products, video cassette housings, moulds, plastic and metal parts (together referred to as "Metal and Plastic Business") and provision of electronic manufacturing services ("EMS Business").

The Group's turnover by principal product category and geographical locations together with their respective profit from operations for the year ended 31 March 2004 are analysed as follows:

1. By principal product category:

| | | 2004 二零零四年 | | | |
|---|----------|--|--|--------------------------------------|--------------------------------|
| | | Metal and Plastic Business 五金塑膠 業務 HK\$'000 千港元 | EMS Business 電子專業 代工業務 HK\$'000 千港元 | Elimination 抵銷 HK\$'000 千港元 | Total 合共 HK\$'000 千港元 |
| Turnover | 營業額 | | | | |
| External | 外部 | 963,002 | 729,958 | - | 1,692,960 |
| Inter-segment | 內部 | 47,561 | - | (47,561) | - |
| Segment results | 分部業績 | 80,591 | 19,351 | - | 99,942 |
| Other revenue | 其他收入 | | | | 6,585 |
| Operating profit | 經營溢利 | | | | 106,527 |
| Share of loss of an associated company | 應佔聯營公司虧損 | - | (1,766) | | (1,766) |
| Finance costs | 財務成本 | | | | (6,145) |
| Taxation | 稅項 | | | | (8,176) |
| Profit attributable to shareholders | 股東應佔溢利 | | | | 90,440 |

董事會謹此呈上嘉利國際控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零四年三月三十一日止年度之報告及經審核帳目（「帳目」）。

主要業務

本公司之主要業務為投資控股，其附屬公司主要從事製造及銷售電腦外殼、辦公室文儀產品、錄影帶外殼、模具、塑膠及金屬部件（統稱「五金塑膠業務」）及提供電子專業代工服務（「電子專業代工業務」）。

本集團按主要產品及客戶所在地劃分之營業額及經營溢利截至二零零四年三月三十一日止年度之分析如下：

1. 按主要產品分析：

Report of The Directors 董事會報告

PRINCIPAL ACTIVITIES (Cont'd)

1. By principal product category: (Cont'd)

| | | 2003 二零零三年 | | | |
|--|--------|--|--|--------------------------------------|--------------------------------|
| | | Metal and Plastic Business 五金塑膠 業務 HK\$'000 千港元 | EMS Business 電子專業 代工業務 HK\$'000 千港元 | Elimination 抵銷 HK\$'000 千港元 | Total 合共 HK\$'000 千港元 |
| Turnover | 營業額 | | | | |
| External | 外部 | 843,623 | 894,356 | - | 1,737,979 |
| Inter-segment | 內部 | 75,465 | - | (75,465) | - |
| Segment results | 分部業績 | 98,190 | 36,395 | - | 134,585 |
| Other revenue | 其他收入 | - | - | | 8,890 |
| Operating profit | 經營溢利 | - | - | | 143,475 |
| Finance costs | 財務成本 | - | - | | (10,401) |
| Taxation | 稅項 | - | - | | (13,266) |
| Profit attributable to shareholders | 股東應佔溢利 | - | - | | 119,808 |

主要業務 (續)

1. 按主要產品分析：(續)

2. By geographical locations*:

| | | 2004 二零零四年 | | | | |
|-----------------|------|--|--|--|--------------------------------|-----------|
| | | Asia (excluding Japan) 亞洲 日本(不包括日本) HK\$'000 千港元 | North America 北美洲 HK\$'000 千港元 | Western Europe 西歐 HK\$'000 千港元 | Total 合共 HK\$'000 千港元 | |
| Turnover | 營業額 | 159,727 | 781,751 | 254,981 | 496,501 | 1,692,960 |
| Segment results | 分部業績 | 12,713 | 27,512 | 22,761 | 36,956 | 99,942 |

2. 按客戶所在地*：

Report of The Directors 董事會報告

PRINCIPAL ACTIVITIES (Cont'd)

2. By geographical locations*: (Cont'd)

| | | Japan | Asia (excluding Japan) 亞洲 日本 (不包括日本) | North America | Western Europe | Total |
|-----------------|------|-----------------|--|------------------|-------------------|-----------------|
| | 營業額 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Turnover | 營業額 | 186,783 | 610,529 | 254,061 | 686,606 | 1,737,979 |
| Segment results | 分部業績 | 19,786 | 38,974 | 21,828 | 53,997 | 134,585 |

* Turnover by geographical locations is determined on the basis of the destination of delivery of merchandise.

主要業務 (續)

2. 按客戶所在地*: (續)

2003
二零零三年

* 按地區分析之營業額是以貨品運送的目的地來決定。

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31 March 2004 are set out in the consolidated profit and loss account on page 93 of this annual report.

An interim dividend of HK8.0 cents per share was paid during the year. The Directors have recommended the payment of a final dividend of HK12.0 cents per share for this financial year.

FIXED ASSETS

Details of the movements in fixed assets of the Group in this financial year are set out in Note 12 to the Accounts.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 24 to the Accounts.

業績與分派

本集團截至二零零四年三月三十一日止年度之業績，詳載於本年報第九十三頁之綜合損益表內。

本財政年度已派發中期股息每股8.0港仙。董事會現建議於本財政年度派發末期股息每股12.0港仙。

固定資產

在本財政年度內之固定資產變動情況詳載於帳目附註十二。

股本

本公司股本情況詳載於帳目附註二十四。

Report of The Directors 董事會報告

RESERVES AND RETAINED PROFIT

Movements in reserves and retained profit of the Group and the Company during the year are set out in Note 26 to the Accounts.

As at 31 March 2004, the Company's reserves of approximately HK\$260,812,000 representing the contributed surplus and retained profit were available for distribution to the Company's shareholders.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$206,000.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SHARE OPTIONS SCHEMES

The Old Scheme

The old share option scheme of the Company (the "Old Scheme") was adopted on 27 November 1996 pursuant to which share options were granted to employees and Executive Directors of the Company or its subsidiaries. No further options can be, or have been, issued under the Old Scheme from 21 May 2002, the date of adoption of the new share option scheme of the Company (the "New Scheme") and termination of the Old Scheme. The key terms of the Old Scheme are summarised herein below:

- (i) The participants of the Old Scheme are eligible employees (including any executive directors) of the Company and its subsidiaries;
- (ii) The total number of shares subject to options granted under the Old Scheme is 36,000,000 which represents 8.97% of the existing issued share capital of the Company as at the date of this report;

儲備與保留溢利

本集團及本公司在本年度之儲備保留溢利變動情況載於帳目附註二十六。

截至二零零四年三月三十一日止，本公司可供分派儲備約260,812,000港元，為繳入盈餘及保留溢利。

捐款

本集團於本年度進行之慈善及其他捐款達206,000港元。

購買、出售或贖回股份

本公司及其附屬公司在本年度內概無購買、出售或贖回本公司任何股份。

購股權計劃

舊計劃

本公司舊有的購股權計劃（「舊計劃」）於一九九六年十一月二十七日採納。於二零零二年五月二十一日以前，本公司及其任何附屬公司的僱員及執行董事曾據舊計劃之條款獲授購股權。於二零零二年五月二十一日，舊計劃已被終止及一新購股權計劃（「新計劃」）獲採納，據此，本公司不可亦未有再根據舊計劃授出購股權。舊計劃之主要條文摘要如下：

- (i) 舊計劃參與人為本公司或其附屬公司的任何合資格僱員（包括任何執行董事）；
- (ii) 可按舊計劃下授出購股權以供發行之股份總數為36,000,000股，相當於本報告日期本公司現行已發行股本之8.97%；

Report of The Directors 董事會報告

SHARE OPTIONS SCHEMES (Cont'd)

The Old Scheme (Cont'd)

- (iii) The maximum entitlement of any eligible employee, when aggregated with shares issued and issuable under all options granted to him, must not exceed 25% of the aggregate number of shares for the time being issued and issuable under the Old Scheme;
- (iv) An option may be exercised in accordance with the terms of the Old Scheme at any time during a period to be notified by the Board to each grantee and in any event shall be not later than ten years from 1 December 1996;
- (v) A non refundable remittance of HK\$10 by way of consideration for the grant of an option is required to be paid by each grantee upon acceptance of the option;
- (vi) The subscription price payable upon exercising any particular option granted is determined based on a formula: $P = N \times E_p$, where "P" is the subscription price; "N" is the number of shares to be subscribed; and "E_p" is the exercise price of the higher of (a) the nominal value of the shares; or (b) 80% of the average closing prices of the shares of the Company quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the last five trading days;
- (vii) The Old Scheme was terminated on 21 May 2002 but in all other respects the provisions of the Old Scheme remain in force and all options granted prior to its termination shall continue to be valid and exercisable in accordance therewith;

購股權計劃 (續)

舊計劃 (續)

- (iii) 每名合資格僱員可得購股權數目上限 (行使其獲授購股權的已發行及可發行股份總數) 不得超過根據舊計劃當時已發行及可予發行之股份總數之 25% ;
- (iv) 獲授人可根據董事會通知每名獲授人有關其購股權的個別行使期內任何時間, 按舊計劃的條款行使其購股權, 惟不得超過由一九九六年十二月一日起計十年年期 ;
- (v) 獲授人在接納購股權時須支付十港元作為獲授購股權之代價, 款項概不退回 ;
- (vi) 根據每項獲授予購股權在行使時認購本公司股份之價格乃按下列算式釐定: $P=N \times E_p$, 其中「P」為認購價; 「N」為認購之股份數目; 「E_p」為行使價以認購一股本公司股份之價格, 惟至少必須為以下之較高者: (a)本公司股份之面值; 或(b)緊接授予購股權日期之前五個交易日公司股份於香港聯合交易所有限公司(「聯交所」)股份在聯交所之平均收市價之80% ;
- (vii) 舊計劃已於二零零二年五月二十一日終止, 惟舊計劃之任何條文仍然有效, 及所有在舊計劃終止前授出之購股權會繼續有效並可據此繼續行使 ;

Report of The Directors 董事會報告

SHARE OPTIONS SCHEMES (Cont'd)

The Old Scheme (Cont'd)

(viii) Details of share option movements during the year ended 31 March 2004 under the Old Scheme are as follows:

購股權計劃 (續)

舊計劃 (續)

(viii) 根據舊計劃於截至二零零四年三月三十一日止年度之購股權變動詳情如下：

| Name 姓名 | Date of Grant 授出日期 | Exercise Price 行使價 (HK\$) (港元) | Exercise Period 行使期 | Closing Price before date of grant 於購股權授出日前之價格 (HK\$) (港元) | Price at exercise date of options 於購股權行使日之價格 (HK\$) (港元) | Number of Share Options 購股權數目 | | | | |
|---|-----------------------|---|---------------------------|---|---|--|---|--|--|--|
| | | | | | | Outstanding at 31 March 2003 二零零三年三月三十一日 尚未行使 (‘000) (千) | Granted during the year 於本年度獲授予 (‘000) (千) | Exercised during the year 於本年度行使 (‘000) (千) | Lapsed/cancelled during the year 於本年度失效/取消 (‘000) (千) | Outstanding at 31 March 2004 二零零四年三月三十一日 尚未行使 (‘000) (千) |
| (i) Directors/Chief Executives 董事及最高行政人員 | | | | | | | | | | |
| Mr. Ho Cheuk Fai 何焯輝先生 | 19/06/1999 | 0.335 | 19/06/1999– 30/11/2006 | 0.41 | 2.35 (AVG平均) | 3,000 | – | (3,000) | – | – |
| Mr. Ho Cheuk Ming 何卓明先生 | 19/06/1999 | 0.335 | 19/06/1999– 30/11/2006 | 0.41 | 2.582 (AVG平均) | 7,000 | – | (4,300) | – | 2,700 |
| Mr. Kwok Wing Kin, Francis 郭永堅先生 | 20/09/2000 | 0.300 | 31/03/2003– 30/11/2006 | 0.35 | 2.46 (AVG平均) | 300 | – | (300) | – | – |
| Mr. Tam Wing Hung 談永雄先生 | 20/09/2000 | 0.300 | 21/09/2001– 30/11/2006 | 0.35 | 2.8 | 300 | – | (300) | – | – |
| | 20/09/2000 | 0.300 | 21/09/2002– 30/11/2006 | 0.35 | 2.8 | 380 | – | (380) | – | – |
| | 20/09/2000 | 0.300 | 21/09/2003– 30/11/2006 | 0.35 | – | 520 | – | – | – | 520 |
| Ms. Ho Po Chu 何寶珠女士 | 19/06/1999 | 0.335 | 19/06/1999– 30/11/2006 | 0.41 | 2.2 | 2,500 | – | (2,500) | – | – |
| (ii) Employees 員工 | | | | | | | | | | |
| | 20/09/2000 | 0.300 | 20/09/2000– 30/11/2006 | 0.35 | – | 150 | – | – | – | 150 |
| | 20/09/2000 | 0.300 | 21/09/2001– 30/11/2006 | 0.35 | – | 150 | – | – | – | 150 |
| | 20/09/2000 | 0.300 | 21/09/2002– 30/11/2006 | 0.35 | – | 200 | – | – | – | 200 |
| | 20/09/2000 | 0.300 | 21/09/2003– 30/11/2006 | 0.35 | 2.425 | 520 | – | (520) | – | – |

Report of The Directors 董事會報告

SHARE OPTIONS SCHEMES (Cont'd)

The Old Scheme (Cont'd)

(ix) Details of share option movements during the period from 1 April 2004 to 15 June 2004 under the Old Scheme are as follows:

購股權計劃 (續)

舊計劃 (續)

(ix) 根據舊計劃於二零零四年四月一日至六月十五日止之購股權變動詳情如下：

| Name 姓名 | Date of Grant 授出日期 | Exercise Price 行使價 | Exercise Period 行使期 | Closing Price before date of grant 於購股權 授出日前 之價格 | Price at exercise date of options 於購股權 行使日 之價格 | Number of Share Options 購股權數目 | | | | Outstanding at 15 June 2004 二零零四年 六月十五日 尚未行使 |
|---|--------------------------|--------------------------|---------------------------|---|--|--|--|---|---|---|
| | | | | | | Outstanding at 31 March 2004 二零零四年 三月三十一日 尚未行使 | Granted during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 獲授予 | Exercised during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 行使 | Lapsed/ cancelled during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 失效/取消 | |
| (i) Directors/Chief Executives 董事及最高行政人員 | | (HK\$) (港元) | | (HK\$) (港元) | (HK\$) (港元) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) |
| Mr. Ho Cheuk Ming 何卓明先生 | 19/06/1999 | 0.335 | 19/06/1999- 30/11/2006 | 0.41 | - | 2,700 | - | - | - | 2,700 |
| Mr. Tam Wing Hung 談永雄先生 | 20/09/2000 | 0.300 | 21/09/2003- 30/11/2006 | 0.35 | - | 520 | - | - | - | 520 |
| (ii) Employees 員工 | 20/09/2000 | 0.300 | 20/09/2000- 20/09/2001 | 0.35 | - | 150 | - | - | - | 150 |
| | 20/09/2000 | 0.300 | 21/09/2001- 30/11/2006 | 0.35 | - | 150 | - | - | - | 150 |
| | 20/09/2000 | 0.300 | 21/09/2002- 30/11/2006 | 0.35 | - | 200 | - | - | - | 200 |

Report of The Directors 董事會報告

SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme

The New Scheme was adopted on 21 May 2002 to comply with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which took effect on 1 September 2001. The key terms of the New Scheme are summarised herein below:

- (i) The purpose of the New Scheme is to provide incentives or rewards to eligible participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity (as defined in the New Scheme);
- (ii) The participants of the New Scheme include any employee, director (including executive and non-executive director of the Group), shareholder, supplier, customer, consultant, adviser, other service provider, partner and business or strategic alliance partner of the Group or any Invested Entity (as defined in the New Scheme) or any discretionary trust whose discretionary objects may be any of the above persons;
- (iii) The total number of shares available for issue under the New Scheme is 40,075,600 which represents 9.99% of the existing issued share capital of the Company at the date of this report;
- (iv) The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company at the date of adoption of the New Scheme and thereafter, if refreshed shall not exceed 10% of the shares in issue as at the date of approval of the refreshed limit by the Company's shareholders. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time;

購股權計劃 (續)

新計劃

新計劃於二零零二年五月二十一日採納，以符合二零零一年九月一日生效之《香港聯合交易所有限公司證券上市規則》(「《上市規則》」)第十七章之新規定。新計劃之主要條款摘要如下：

- (i) 新計劃旨在鼓勵或獎勵合資格參與者對本集團作出之貢獻及／或有助本集團招聘及挽留能幹之僱員，以及吸納人才與投資對象(按《新計劃》定義)；
- (ii) 董事局可絕對酌情授購股權予新計劃之參與者包括本集團或任何投資對象(按《新計劃》定義)或彼等為全權託管受益人之任何全權信託之任何僱員或董事(包括本集團之執行及非執行董事)、股東、供應商、客戶、顧問、諮詢人、其他服務供應商、任何合營企業夥伴、業務或策略性聯盟合夥人以認購本公司之股份；
- (iii) 可按新計劃下授出購股權以供發行之股份總數為40,075,600股，相當於本報告日期本公司現行已發行股本之9.99%；
- (iv) 參與者在根據新計劃已獲授及將獲授購股權而獲發或將獲發之股份之總數不得超過採納新計劃當日之已發行股份數目之10%，及其後如獲更新，將不會超逾由股東批准更新當日已發行股份數目之10%。因行使根據新計劃及本公司任何其他購股權計劃已授出而尚未行使及仍有待行使之所有購股權而可予以發行之股份數目上限，不得超逾不時已發行股份之30%；

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

- (v) Unless approved by shareholders in general meeting, no participants shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such participant in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital in issue for the time being and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders;
- (vi) An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be notified by the Board to each grantee. Unless otherwise determined by the Board at its sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised;
- (vii) A non refundable remittance of HK\$10 by way of consideration for the grant of an option is required to be paid by each grantee upon acceptance of the option;
- (viii) The subscription price payable upon exercising any particular option granted under the New Scheme is determined based on a formula: $P = N \times E_p$, where "P" is the subscription price; "N" is the number of shares to be subscribed; and "E_p" is the exercise price of the highest of (a) the nominal value of a share in the Company on the date of grant; (b) the closing price of shares of the Company on the Stock Exchange, as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (c) the average of the closing prices of shares of the Company on the Stock Exchange on the five trading days immediately preceding the date of grant and as adjusted pursuant to the clauses of the New Scheme; and
- (ix) The life of the New Scheme is until the tenth anniversary of the adoption date of the New Scheme.

購股權計劃 (續)

新計劃 (續)

- (v) 除非獲得股東大會批准，否則因授予每名參與者之購股權在獲行使而已發行及將予發行之股份數目，在任何12個月內不得超逾已發行股份之1%。倘每名主要股東或獨立非執行董事獲授之購股權合共佔本公司當時已發行股份逾0.1%，或根據授出購股權當日聯交所每日價表所報股份之收市價計算，總值超逾5,000,000港元，則授予購股權之建議必須事先經股東批准；
- (vi) 每名獲授人可按新計劃之條款於董事會向其通知之行使期內行使購股權。除董事會酌情考慮外，行使購股權時並無任何最少持有期限或工作表現目標要求之規限；
- (vii) 獲授人在接納購股權時須支付十港元作為獲授購股權之代價，款項概不退回；
- (viii) 根據每項獲授予購股權在行使時認購本公司股份的價格乃按下列算式釐定： $P = N \times E_p$ ，其中「P」為認購價；「N」為認購之股份數目；「E_p」為行使價以認購一股本公司股份之價格，惟至少必須為以下之較高者：(a)本公司股份的面值；或(b)本公司股份在聯交所之收市價，以有關購股權授予日聯交所日報表所示者為準；或(c)緊接授予購股權日期之前五個交易日，本公司股份在聯交所之平均收市價或按新計劃條款所調整之行使值；及
- (ix) 新計劃之有效期為其獲採納當日起計直至十週年當日。

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

(x) Details of share option movements during the year ended 31 March 2004 under the New Scheme are as follows:

購股權計劃 (續)

新計劃 (續)

(x) 根據新計劃於截至二零零四年三月三十一日止年度之購股權變動詳情如下：

| Name 姓名 | Date of Grant 授出日期 | Exercise Price 行使價 (HK\$) (港元) | Exercise Period 行使期 | Closing Price before date of grant 於購股權授出日前之價格 (HK\$) (港元) | Price at exercise date of options 於購股權行使日之價格 (HK\$) (港元) | Number of Share Options 購股權數目 | | | | |
|---|-----------------------|---|------------------------|---|---|--|---|--|--|--|
| | | | | | | Outstanding at 31 March 2003 二零零三年三月三十一日 尚未行使 (‘000) (千) | Granted during the year 於本年度獲授予 (‘000) (千) | Exercised during the year 於本年度行使 (‘000) (千) | Lapsed/cancelled during the year 於本年度失效/取消 (‘000) (千) | Outstanding at 31 March 2004 二零零四年三月三十一日 尚未行使 (‘000) (千) |
| (i) Directors/Chief Executives 董事及最高行政人員 | | | | | | | | | | |
| Mr. Kwok Wing Kin, Francis 郭永堅先生 | 22/05/2002 | 1.30 | 22/05/2002–21/05/2012 | 1.30 | 2.81 (AVG平均) | 750 | – | (750) | – | – |
| | 22/05/2002 | 1.30 | 22/05/2003–21/05/2012 | 1.30 | 2.373 (AVG平均) | 750 | – | (550) | – | 200 |
| | 01/11/2002 | 1.65 | 01/01/2003–31/10/2012 | 1.65 | – | 750 | – | – | – | 750 |
| | 01/11/2002 | 1.65 | 01/01/2004–31/10/2012 | 1.65 | – | 750 | – | – | – | 750 |
| Mr. Tam Wing Hung 談永雄先生 | 22/05/2002 | 1.30 | 22/05/2002–21/05/2012 | 1.30 | – | 100 | – | – | – | 100 |
| Mr. Lee Shu Ki 李樹琪先生 | 22/05/2002 | 1.30 | 22/05/2003–21/05/2012 | 1.30 | 2.5 | 300 | – | (200) | – | 100 |
| | 01/11/2002 | 1.65 | 01/01/2003–31/10/2012 | 1.65 | 2.85 | 300 | – | (100) | – | 200 |
| | 01/11/2002 | 1.65 | 01/01/2004–31/10/2012 | 1.65 | – | 300 | – | – | – | 300 |
| Mr. Leung Wai Ho 梁偉浩先生 | 22/05/2002 | 1.30 | 22/05/2002–21/05/2012 | 1.30 | 2.5 | 200 | – | (200) | – | – |

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

(x) (Cont'd)

購股權計劃 (續)

新計劃 (續)

(x) (續)

Number of Share Options
購股權數目

| Name | Date of Grant | Exercise Price | Exercise Period | Closing Price before date of grant 於購股權授出日前之價格 (HK\$) (港元) | Price at exercise date of options 於購股權行使日之價格 (HK\$) (港元) | Number of Share Options 購股權數目 | | | | |
|--|---------------|----------------|-----------------------|---|---|--|---|--|--|--|
| | | | | | | Outstanding at 31 March 2003 二零零三年三月三十一日 尚未行使 (‘000) (千) | Granted during the year 於本年度獲授予 (‘000) (千) | Exercised during the year 於本年度行使 (‘000) (千) | Lapsed/cancelled during the year 於本年度失效/取消 (‘000) (千) | Outstanding at 31 March 2004 二零零四年三月三十一日 尚未行使 (‘000) (千) |
| (ii) Other Eligible Participants 其他合資格參與者 | | | | | | | | | | |
| Employees 員工 | 22/05/2002 | 1.30 | 22/05/2002–21/05/2012 | 1.30 | 2.248 (AVG平均) | 2,270 | – | (1,950) | – | 320 |
| | 22/05/2002 | 1.30 | 22/05/2003–21/05/2012 | 1.30 | 2.476 (AVG平均) | 2,800 | – | (2,200) | – | 600 |
| | 01/11/2002 | 1.65 | 01/01/2003–31/10/2012 | 1.65 | 2.596 (AVG平均) | 3,900 | – | (1,810) | – | 2,090 |
| | 01/11/2002 | 1.65 | 01/01/2004–31/10/2012 | 1.65 | 2.2 | 3,950 | – | (200) | – | 3,750 |
| | 01/12/2003 | 2.475 | 01/01/2005–30/11/2013 | 2.425 | – | – | 2,508 | – | – | 2,508 |
| | 01/12/2003 | 2.475 | 01/01/2006–30/11/2013 | 2.425 | – | – | 5,006 | – | – | 5,006 |
| | 01/12/2003 | 2.475 | 01/01/2007–30/11/2013 | 2.425 | – | – | 4,976 | – | – | 4,976 |

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

(xi) Details of share option movements during the period from 1 April 2004 to 15 June 2004 under the New Scheme are as follows:

購股權計劃 (續)

新計劃 (續)

(xi) 根據新計劃於二零零四年四月一日至六月十五日止之購股權變動詳情如下：

| Name 姓名 | Date of Grant 授出日期 | Exercise Price 行使價 | Exercise Period 行使期 | Closing Price before grant 於購股權授出日前之價格 | Price at exercise 於購股權行使日之價格 | Outstanding at 31 March 2004 二零零四年三月三十一日尚未行使 | Number of Share Options 購股權數目 | | | Outstanding at 15 June 2004 二零零四年六月十五日尚未行使 |
|---|-----------------------|-----------------------|------------------------|---|---------------------------------|---|--|---|---|---|
| | | | | | | | Granted during the period from 1 April 2004 to 15 June 2004 於二零零四年四月一日至六月十五日獲授予 | Exercised during the period from 1 April 2004 to 15 June 2004 於二零零四年四月一日至六月十五日行使 | Lapsed/cancelled during the period from 1 April 2004 to 15 June 2004 於二零零四年四月一日至六月十五日失效/取消 | |
| | | (HK\$) (港元) | | (HK\$) (港元) | (HK\$) (港元) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) |
| (i) Directors/Chief Executives 董事及最高行政人員 | | | | | | | | | | |
| Mr. Kwok Wing Kin, Francis 郭永堅先生 | 22/05/2002 | 1.30 | 22/05/2003–21/05/2012 | 1.30 | 1.8 | 200 | - | (100) | - | 100 |
| | 01/11/2002 | 1.65 | 01/01/2003–31/10/2012 | 1.65 | - | 750 | - | - | - | 750 |
| | 01/11/2002 | 1.65 | 01/01/2004–31/10/2012 | 1.65 | - | 750 | - | - | - | 750 |
| | 27/04/2004 | 1.90 | 01/01/2005–26/04/2014 | 1.86 | - | - | 160 | - | - | 160 |
| | 27/04/2004 | 1.90 | 01/01/2006–26/04/2014 | 1.86 | - | - | 320 | - | - | 320 |
| 27/04/2004 | 1.90 | 01/01/2007–26/04/2014 | 1.86 | - | - | 320 | - | - | 320 | |
| Mr. Tam Wing Hung 談永雄先生 | 22/05/2002 | 1.30 | 22/05/2002–21/05/2012 | 1.30 | - | 100 | - | - | - | 100 |
| Mr. Lee Shu Ki 李樹琪先生 | 22/05/2002 | 1.30 | 22/05/2003–21/05/2012 | 1.30 | - | 100 | - | - | - | 100 |
| | 01/11/2002 | 1.65 | 01/01/2003–31/10/2012 | 1.65 | - | 200 | - | - | - | 200 |
| | 01/11/2002 | 1.65 | 01/01/2004–31/10/2012 | 1.65 | - | 300 | - | - | - | 300 |
| | 27/04/2004 | 1.90 | 01/01/2005–26/04/2014 | 1.86 | - | - | 80 | - | - | 80 |
| | 27/04/2004 | 1.90 | 01/01/2006–26/04/2014 | 1.86 | - | - | 160 | - | - | 160 |
| 27/04/2004 | 1.90 | 01/01/2007–26/04/2014 | 1.86 | - | - | 160 | - | - | 160 | |

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

(xi) (Cont'd)

購股權計劃 (續)

新計劃 (續)

(xi) (續)

| Name 姓名 | Date of Grant 授出日期 | Exercise Price 行使價 | Exercise Period 行使期 | Closing Price before date of grant 於購股權 授出日前 之價格 | Price at exercise date of options 於購股權 行使日 之價格 | Number of Share Options 購股權數目 | | | | Outstanding at 15 June 2004 二零零四年 六月十五日 尚未行使 |
|-----------------------------|--------------------------|--------------------------|---------------------------|---|--|--|--|---|---|---|
| | | | | | | Outstanding at 31 March 2004 二零零四年 三月三十一日 尚未行使 | Granted during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 獲授予 | Exercised during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 行使 | Lapsed/ cancelled during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 失效/取消 | |
| | | (HK\$) (港元) | | (HK\$) (港元) | (HK\$) (港元) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) |
| Mr. Wong Shun Pang 黃順鵬先生 | 22/05/2002 | 1.30 | 22/05/2003- 21/05/2012 | 1.30 | 1.78 | 200 | - | (200) | - | - |
| | 01/11/2002 | 1.65 | 01/01/2003- 31/10/2012 | 1.65 | - | 200 | - | - | - | 200 |
| | 01/11/2002 | 1.65 | 01/01/2004- 31/10/2012 | 1.65 | - | 200 | - | - | - | 200 |
| | 01/12/2003 | 2.475 | 01/08/2005- 30/11/2013 | 2.425 | - | 100 | - | - | - | 100 |
| | 01/12/2003 | 2.475 | 01/01/2006- 30/11/2013 | 2.425 | - | 200 | - | - | - | 200 |
| | 01/12/2003 | 2.475 | 01/01/2007- 30/11/2013 | 2.425 | - | 200 | - | - | - | 200 |
| | 27/04/2004 | 1.90 | 01/01/2005- 26/04/2014 | 1.86 | - | - | 160 | - | - | 160 |
| | 27/04/2004 | 1.90 | 01/01/2006- 26/04/2014 | 1.86 | - | - | 120 | - | - | 120 |
| | 27/04/2004 | 1.90 | 01/01/2007- 26/04/2014 | 1.86 | - | - | 120 | - | - | 120 |

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

(xi) (Cont'd)

購股權計劃 (續)

新計劃 (續)

(xi) (續)

| Name 姓名 | Date of Grant 授出日期 | Exercise Price 行使價 | Exercise Period 行使期 | Closing Price before date of grant 於購股權 授出日前 之價格 | Price at exercise date of options 於購股權 行使日 之價格 | Number of Share Options 購股權數目 | | | Outstanding at 15 June 2004 二零零四年 六月十五日 尚未行使 | |
|---|--------------------------|--------------------------|---------------------------|---|--|--|--|---|---|---|
| | | | | | | Outstanding at 31 March 2004 二零零四年 三月三十一日 尚未行使 | Granted during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 獲授予 | Exercised during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 行使 | | Lapsed/ cancelled during the period from 1 April 2004 to 15 June 2004 於二零零四年 四月一日至 六月十五日 失效/取消 |
| | | (HK\$) (港元) | | (HK\$) (港元) | (HK\$) (港元) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) | ('000) (千) |
| (ii) Other Eligible Participants 其他合資格參與者 | | | | | | | | | | |
| Employees 員工 | 22/05/2002 | 1.30 | 22/05/2002– 21/05/2012 | 1.30 | – | 320 | – | – | – | 320 |
| | 22/05/2002 | 1.30 | 22/05/2003– 21/05/2012 | 1.30 | 1.84 | 400 | – | (200) | – | 200 |
| | 01/11/2002 | 1.65 | 01/01/2003– 31/10/2012 | 1.65 | – | 1,890 | – | – | (150) | 1,740 |
| | 01/11/2002 | 1.65 | 01/01/2004– 31/10/2012 | 1.65 | 1.75 | 3,550 | – | (100) | (150) | 3,300 |
| | 01/12/2003 | 2.475 | 01/08/2005– 30/11/2013 | 2.425 | – | 2,408 | – | – | (50) | 2,358 |
| | 01/12/2003 | 2.475 | 01/01/2006– 30/11/2013 | 2.425 | – | 4,806 | – | – | (100) | 4,706 |
| | 01/12/2003 | 2.475 | 01/01/2007– 30/11/2013 | 2.425 | – | 4,776 | – | – | (100) | 4,676 |
| | 27/04/2004 | 1.90 | 01/01/2005– 26/04/2014 | 1.86 | – | – | 2,548 | – | (20) | 2,528 |
| | 27/04/2004 | 1.90 | 01/01/2006– 26/04/2014 | 1.86 | – | – | 510 | – | – | 510 |
| | 27/04/2004 | 1.90 | 01/01/2007– 26/04/2014 | 1.86 | – | – | 280 | – | – | 280 |

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

A professional actuarial firm has been invited to perform an estimation of the option value. The valuation of the outstanding options as at 31 March 2004 was about HK\$17,072,000, details are as follows:

購股權計劃 (續)

新計劃 (續)

一間專業估值公司獲邀評估本公司之購股權價值。截至二零零四年三月三十一日止尚未行使之購股權價值為約17,072,000港元，詳情如下：

| Date of Grant | Exercise Period | Exercise Price | No. of Share Options Outstanding 尚未行使之 購股權數目 | Actuarial Valuation |
|---------------|-------------------------|------------------------|--|--------------------------|
| 授出日期 | 行使期 | 行使價 HK\$'000 千港元 | '000 千 | 精算評估值 HK\$'000 千港元 |
| 19/06/1999 | 19/06/1999 – 30/11/2006 | 0.335 | 2,700 | 3,923 |
| 20/09/2000 | 20/09/2000 – 30/11/2006 | 0.300 | 1,020 | 1,503 |
| 22/05/2002 | 22/05/2002 – 21/05/2012 | 1.300 | 1,320 | 789 |
| 01/11/2002 | 01/01/2003 – 31/12/2012 | 1.650 | 7,840 | 4,446 |
| 01/12/2003 | 01/01/2005 – 30/11/2013 | 2.475 | 12,490 | 6,411 |
| | | | 25,370 | 17,072 |

of which,

其中：

| | Actuarial Valuation 精算評估值 HK\$'000 千港元 |
|---|---|
| Ho's family 何氏家族 | 3,923 |
| Directors (excluding the members of the Ho's family) 董事(除何氏家族外) | 2,139 |
| Other staff and non-employees (其他員工及非員工) | 11,010 |
| | 17,072 |

Report of The Directors 董事會報告

SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

As the Directors considered that options granted should not be recognised until they are exercised due to the fact that time elapses from the original grant date, options are exercised or lapsed in the interim, the length to the expiry period of options granted shortens, and the underlying share price moves to different levels, the Company decided to measure the value of outstanding options as the 31 March 2004 (the "Measurement Date") instead of the grant dates.

In assessing the value of the share options granted during the year ended 31 March 2004, the Black-Scholes option pricing model (the "Black-Scholes Model") has been used. The Black-Scholes Model is one of the most generally accepted methodologies used to calculate the value of options and is one of the recommended option pricing models as set out in Chapter 17 of the Listing Rules.

The variables of the Black-Scholes Model include the expected life of the options, risk-free interest rate, expected volatility and expected dividend of the shares of the Company, if any.

In assessing the value of the share options granted during the period to both directors and employees, the following key variables have been applied to the Black-Scholes Model:

- (a) The risk-free rate applied to the Black-Scholes Model is 2.64% in average, which represents the yield of the Hong Kong Government Exchange Bills/Fund Notes corresponding to the expected life of the options as at the Measurement Date;
- (b) The expected volatility used in the calculation is 65.51% per annum and represents the standard deviation of the daily closing share prices of the Company for the last thirty six months from the Measurement Date; and

購股權計劃 (續)

新計劃 (續)

董事們經考慮過由授出購股權當日至至今時間減值、在期內購股權之行使、購股權到期日之縮減、及股份價值之變動等因數後，決定授出購股權之代價應待其被行使時才予以確認；故此我們棄用購股權授出日，而以二零零四年三月三十一日（「計算日」）當天為計算已授出但仍未行使之購股權價值之估值基準。

截至二零零四年三月三十一日止年度期間所授出購股權之價值乃使用「柏力克－舒爾斯」期權定價模式（「柏舒模式」）評估。柏舒模式乃計算購股權價值最為普遍接納之方法之一，亦為《上市規則》第十七章建議使用之定價模式之一。

柏舒模式之變數包括購股權之預計有效期、無風險利率、本公司股份之預期價格波動及預期派發之股息（如有）。

評估期內授予董事及僱員之購股權價值時已於柏舒模式採用下列主要變數：

- (a) 柏舒模式所採用無風險利率平均為 2.64%，乃指香港外匯基金票據於計量日期與購股權預計有效期相對之回報率。
- (b) 計算購股權價值所使用之預期波動率為每年 65.51%，相當於自計算日起計過去三十六個月本公司股份每日收市價之標準差；及

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SHARE OPTIONS SCHEMES (Cont'd)

The New Scheme (Cont'd)

- (c) Based on historic pattern, it is assumed that dividend would be paid out at HK16.8 cents per share per year during the expected life of the options.

In assessing the aggregate value of the share options, two adjustments have been made for possible future forfeiture of options and reduced term of options due to termination.

No charge is recognised in the consolidated profit and loss account in respect of the value of options granted during the year.

It should be noted that the value of options calculated using the Black-Scholes Model is based on various assumptions and is only an estimate of the value of share options granted during the year. It is possible that the financial benefit accruing to the grantee of an option will be considerably different from the value determined under the Black-Scholes Model.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda.

FIVE-YEAR FINANCIAL 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 page 147 of this annual report.

MANAGEMENT CONTRACTS

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

購股權計劃 (續)

新計劃 (續)

- (c) 按照過往形式，計算時乃假設於購股權有效期內每年分派每股股息16.8港仙。

評估購股權價值時已就日後可能沒收購股權及可能縮減購股權行使期等兩項因素作出調整。

綜合損益表內並無確認本年度內所授購股權之價值。

務請注意，以柏舒模式計算之購股權價值乃按若干假設計算及僅為年內所授購股權之估計價值。購股權獲授人應得之財務利益可能與根據柏舒模式所計得之價值有重大差異。

優先權

本公司細則規定概無載有本公司須按比例向現有股東發行新股之優先權條文，而百慕達法例中亦無限制有關優先權之條文。

五年財務概要

本集團過去五個財政年度之業績及資產與負債摘要載於本年報第一百四十七頁。

管理合約

本年度內，本公司概無就整體業務或任何重大業務之管理或行政工作訂立任何合約，亦無存有此等合約。

Report of The Directors 董事會報告

SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in Note 13 to the Accounts.

BANK LOANS AND OVERDRAFTS

Particulars of bank loans and overdrafts of the Group as at 31 March 2004 are set out in Notes 18 and 21 to the Accounts.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. Ho Cheuk Fai (*Chairman & Chief Executive Officer*)
 Mr. Ho Cheuk Ming (*Deputy Chairman & Chief Operating Officer*)
 Mr. Kwok Wing Kin, Francis (*Deputy Chairman*)
 Mr. Tam Wing Hung
 Mr. Lee Shu Ki
 Mr. Wong Shun Pang (*Appointed on 1 June 2004*)

Independent Non-executive Directors

Mr. So Wai Chun
 Mr. Leung Wai Ho
 Mr. Chan Sui Sum, Raymond

The independent non-executive Directors are appointed for specific terms and hold office until 30 June 2004, 7 September 2004 and 4 February 2005 respectively, subject to extension.

In accordance with Bye-Law 86(2), Mr. Wong Shun Pang will retire from office at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with Bye-Law 87 of the Company, Messrs. So Wai Chun and Leung Wai Ho will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

附屬公司

本公司各附屬公司之詳情，載於帳目附註十三。

銀行貸款與透支

本集團於二零零四年三月三十一日之銀行貸款與透支詳情列於帳目附註十八及二十一。

董事會

本年度內及截至本年度日期止在任之董事如下：

執行董事

何焯輝先生 (*主席兼行政總裁*)
 何卓明先生 (*副主席兼營運總裁*)
 郭永堅先生 (*副主席*)
 談永雄先生
 李樹琪先生
 黃順鵬先生
 (於二零零四年六月一日獲委任)

獨立非執行董事

蘇偉俊先生
 梁偉浩先生
 陳瑞森先生

本公司獨立非執行董事之任期均以特定年期委任，其任期分別於二零零四年六月三十日、二零零四年九月七日及二零零五年二月四日屆滿，延期除外。

按照公司細則第86(2)條規定，黃順鵬先生將於即將舉行之股東週年大會上退任，惟有資格並願意膺選連任。

按照公司細則第87條規定，蘇偉俊先生及梁偉浩先生將於即將舉行之股東週年大會上退任，惟有資格並願意膺選連任。

Report of The Directors 董事會報告

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Details of Mr. Ho Cheuk Fai's interests in contracts of significance and connected transactions in relation to the Group's business having been subsisted during the year are set out as follows:

- (a) Upon the expiry of the previous lease agreement on 14 November 2003, a new lease agreement dated 14 November 2003 was entered into between Castfast Industrial (Yan Tien) Limited ("Castfast (Yan Tien)"), a wholly-owned subsidiary of the Company, as landlord and Kar-Info Company Limited ("Kar-Info") as tenant for the lease of a portion of 3rd Floor of Phase 4 of a factory in Yan Tien, Dongguan, the People's Republic of China at a monthly rental of HK\$6,916 for a term of six months commencing on 15 November 2003 and expiring on 14 May 2004.
- (b) Upon the expiry of the previous lease agreement on 17 November 2003, a new lease agreement dated 14 November 2003 was entered into between Kings Lion Development Limited ("Kings Lion") as landlord and Karrie Industrial Company Limited ("Karrie Industrial"), a wholly-owned subsidiary of the Company, as tenant for the lease of a portion (being 26,573 square feet in gross floor area) of 9th Floor, Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories together with two car parking spaces in the same building at a monthly rental of HK\$106,292 (that is, at approximately HK\$4 per square foot) for a term of two years commencing on 18 November 2003.

董事之服務合約

本公司並無與擬於股東週年大會上重選連任之董事訂立任何不可於一年內由本公司無償終止之服務合約(法定賠償除外)。

董事於合約之利益及關連交易

本集團於年內亦曾涉及下列有關何焯輝先生擁有權益之重要合約及關連交易：

- (a) 在前租賃協議於二零零三年十一月十四日期滿時，雁田嘉輝塑膠五金廠有限公司(「雁田嘉輝」)(本公司之全資附屬公司)(出租人)與嘉訊通有限公司(「嘉訊通」)(承租人)於二零零三年十一月十四日訂立一項新的租賃協議，有關出租位於中國東莞雁田之廠房第四期三樓廠房部份樓面，每月租金6,916港元，租期自二零零三年十一月十五日起計為期六個月，並於二零零四年五月十四日期滿。
- (b) 在前租賃協議於二零零三年十一月十七日期滿時，勁獅發展有限公司(「勁獅」)(出租人)與嘉利產品有限公司(「嘉利產品」)(本公司之全資附屬公司)(承租人)於二零零三年十一月十四日就位於新界荃灣青山公路611-619號東南工業大廈九樓部份樓面(建築面積為26,573平方呎)連同兩個位於該大廈地下的車位訂立租賃協議，月租106,292港元(即每平方呎約4港元)，為期兩年，租期由二零零三年十一月十八日起計。

Report of The Directors 董事會報告

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Cont'd)

(c) Upon the expiry of the previous lease agreement on 14 November 2003, a new lease agreement dated 14 November 2003 was entered into between Castfast (Yan Tien) as landlord and Dongguan Yanxun Electronics Company Limited ("Dongguan Yanxun"), an 85% owned subsidiary of the Company, as tenant for the lease of a portion of a factory in Yan Tien, Dongguan, the People's Republic of China at a monthly rental of HK\$190,776 for a term of two years commencing on 15 November 2003.

Kar-Info and Kings Lion are connected persons of the Company under Chapter 14A of the Listing Rules for the reason that Mr. Ho Cheuk Fai, a Director of the Company, together with his wife, control 100% of the voting power in general meetings and also control the board of each of Kar-Info and Kings Lion.

The Independent Non-executive Directors have reviewed the above transactions and confirmed that those transactions have been entered into by the Group in the ordinary and usual course of its business and on normal commercial terms which are fair and reasonable so far as the shareholders of the Company are concerned.

(d) On 2 March 2004, a loan agreement was entered into between the Company as Guarantor, Dongguan Yanxun as Borrower, and The Bank of East Asia Limited, Shenzhen Branch as Lender whereby the Guarantor was required to guarantee to the Lender to secure the credit facilities of up to the extent of RMB20,000,000 granted by the Lender to the Borrower.

Save as disclosed above, no other contracts of significance in relation to the Company's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事於合約之利益及關連交易 (續)

(c) 在前租賃協議於二零零三年十一月十四日期滿時，雁田嘉輝(出租人)與東莞雁訊電子有限公司(「東莞雁訊」)(本公司持有其85%權益之附屬公司)(承租人)於二零零三年十一月十四日訂立一項新的租賃協議，租賃位於中國東莞雁田的廠房部份樓面，月租190,776港元，租期由二零零三年十一月十五日起計為期兩年。

根據《上市規則》第十四A章，嘉訊通及勁獅均為本公司之關連人士，因本公司董事何焯輝先生連同其妻子控制嘉訊通及勁獅之股東大會100%投票權及其董事會。

獨立非執行董事已審閱上述交易，並確認此等交易乃在本集團之日常業務中進行，並按正常之商業條款訂立，對本公司之股東屬公平合理。

(d) 東莞雁訊(「借款人」)與東亞銀行深圳分行(「貸款人」)於二零零四年三月二日訂立借款合同；據此，本公司(「擔保人」)需向貸款人作出保證，作為貸款人向借款人授出最高達人民幣20,000,000元銀行融資之擔保。

除上文披露外，本公司或其附屬公司於本年度內任何時間概無簽訂涉及本公司之業務而本公司董事直接或間接擁有重大利益之重要合約。

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 March 2004

The interests of the Directors and chief executive in the shares of the Company and any associated corporations (as defined in the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies are as follows:

(A) Interests in the Company

董事及最高行政人員之股份權益

於二零零四年三月三十一日

本公司各董事及最高行政人員在本公司(及其相聯法團)(釋義見《證券及期貨條例》(「《證券條例》」))股本中擁有並已登記於本公司按證券條例第352條而存置之登記冊所載之權益,或根據《上市公司董事進行證券交易的標準守則》已知會本公司及聯交所之權益如下:

(甲) 於本公司之權益

Number of ordinary shares of HK\$0.10 each
每股面值0.1港元之普通股數目

| | | Personal interests 個人權益 | Family interests 家屬權益 | Corporate/ Other interests 法團權益或 其他權益 | Number of outstanding share options 未行使 購股權數目 |
|----------------------------|-------|----------------------------|---------------------------------|--|---|
| Mr. Ho Cheuk Fai | 何焯輝先生 | 3,160,000 | 35,818,000 (Note 1) (附註一) | 172,200,000 (Note 2) (附註二) | – |
| Mr. Ho Cheuk Ming | 何卓明先生 | 4,000,000 | – | 172,200,000 (Note 3) (附註三) | 2,700,000 |
| Mr. Kwok Wing Kin, Francis | 郭永堅先生 | 600,000 | – | – | 1,700,000 |
| Mr. Tam Wing Hung | 談永雄先生 | 680,000 | – | – | 620,000 |
| Mr. Lee Shu Ki | 李樹琪先生 | 1,300,000 | – | – | 600,000 |
| Ms. Ho Po Chu | 何寶珠女士 | 35,818,000 | – | 172,200,000 (Note 4) (附註四) | – |

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)

(A) Interests in the Company (Cont'd)

Notes:

1. Mr. Ho Cheuk Fai is deemed to be interested in these shares by virtue of the fact that his wife, Ms. Ho Po Chu has a personal interest in these shares.
2. 172,200,000 shares are held by Pearl Court Company Limited ("Pearl Court") as trustee for a unit trust known as Ho Cheuk Fai Family Trust ("HCF Trust"). Mr. Ho Cheuk Fai is deemed to be interested in these shares through Pearl Court by virtue of his wife being the only shareholder of Pearl Court and controlling one-third or more of the voting power at general meetings of Pearl Court. Mr. Ho Cheuk Fai is also deemed to be interested in these shares by virtue of the fact that one of 10,000 units of HCF Trust is held by his wife and the beneficiaries of a discretionary trust known as Ho Wai Leung Memorial Trust ("HWL Trust") (see note 3 below) which include Ms. Ho Po Chu and Mr. Ho's children under 18.
3. These shares are held by Pearl Court as trustee for HCF Trust. 9,999 of 10,000 units of HCF Trust are held by HSBC International Trustee Limited ("HITL") as trustee for HWL Trust. Mr. Ho Cheuk Ming is deemed to be interested in these shares by virtue of the fact that he is one of the beneficiaries of HWL Trust.
4. Disregarding the interests of her husband, Mr. Ho Cheuk Fai, who is the Chairman and a Director of the Company and whose interests are separately disclosed, Ms. Ho Po Chu, is deemed to be interested in these shares through Pearl Court by virtue of the facts that she is the only shareholder of Pearl Court and holds one unit of the HCF Trust and that the beneficiaries of HWL Trust includes herself and her children under 18.

董事及最高行政人員之股份權益 (續)

(甲) 於本公司之權益 (續)

附註：

- 一、 何焯輝先生因其妻子何寶珠女士在該等股份中擁有個人權益而被視為擁有該等權益。
- 二、 172,200,000股股份由 Pearl Court Company Limited (「Pearl Court」) 以 Ho Cheuk Fai Family Trust (「HCF Trust」) 之單位信託之受託人持有。由於何焯輝先生的妻子乃 Pearl Court 的唯一股東及在 Pearl Court 股東大會控制三分之一或以上投票權，故何焯輝先生被視為透過 Pearl Court 持有該等股份。何焯輝先生亦因 HCF Trust 10,000 個單位中的其中一個乃由其妻子持有，而 Ho Wai Leung Memorial Trust (「HWL Trust」) (見附註三) 之受益人包括何寶珠及其 18 歲以下的子女，故此被視為擁有該等股份之權益。
- 三、 這些股份由 Pearl Court 以 HCF Trust 受託人身份持有。HCF Trust 10,000 個單位中的 9,999 個乃由 HWL Trust 之全權信託之受託人 HSBC International Trustee Limited (「HITL」) 持有。何卓明先生由於屬 HWL Trust 之受益人之一，故被視為持有該等股份。
- 四、 除何寶珠女士的丈夫何焯輝先生本身之權益外 (該等權益因何先生為本公司主席及董事已作獨立披露) 何寶珠女士為 Pearl Court 的唯一股東，其持有 HCF Trust 其中一個單位以及由於 HWL Trust 之受益人包括何寶珠女士及其 18 歲以下的子女，因此何寶珠女士被視為透過 Pearl Court 擁有該等股份之權益。

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)**董事及最高行政人員之股份權益** (續)**(B) Interests in associated corporations****(乙) 於相聯法團之權益**(i) *Karrie Industrial Company Limited*

(i) 嘉利產品有限公司

Number of non-voting deferred shares of HK\$100 each
每股面值100港元之無投票權遞延股份數目

| | | Personal interests 個人權益 | Family interests 家屬權益 | Corporate/ Other interests 法團權益或 其他權益 | Total interests 合計權益 | Short Position 淡倉 |
|------------------|-------|----------------------------|--------------------------|--|-------------------------|-------------------------------|
| | | | | | | |
| Mr. Ho Cheuk Fai | 何焯輝先生 | 43,000 | – | 43,000 (see Note) (見附註) | 86,000 | 43,000 (see Note) (見附註) |
| Ms. Ho Po Chu | 何寶珠女士 | 7,000 | – | 7,000 (see Note) (見附註) | 14,000 | 7,000 (see Note) (見附註) |

(ii) *Karpo Technologies Limited*

(ii) 嘉寶科技有限公司

Number of non-voting deferred shares of HK\$100 each
每股面值100港元之無投票權遞延股份數目

| | | Personal interests 個人權益 | Family interests 家屬權益 | Corporate/ Other interests 法團權益或 其他權益 | Total interests 合計權益 | Short Position 淡倉 |
|------------------|-------|----------------------------|--------------------------|--|-------------------------|-------------------------------|
| | | | | | | |
| Mr. Ho Cheuk Fai | 何焯輝先生 | 10,000 | – | 10,000 (see Note) (見附註) | 20,000 | 10,000 (see Note) (見附註) |

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)

董事及最高行政人員之股份權益 (續)

(B) Interests in associated corporations (Cont'd)

(乙) 於相聯法團之權益 (續)

(iii) Karrie Industrial Holdings Limited

(iii) Karrie Industrial Holdings Limited

Number of non-voting deferred shares of HK\$1 each

每股面值1港元之無投票權遞延股份數目

| | | Personal interests 個人權益 | Family interests 家屬權益 | Corporate/ | Total interests 合計權益 | Short Position 淡倉 |
|------------------|-------|----------------------------|--------------------------|----------------------------------|-------------------------|--------------------------|
| | | | | Other interests 法團權益或 其他權益 | | |
| Mr. Ho Cheuk Fai | 何焯輝先生 | 1 | – | 1 (see Note) (見附註) | 2 | 1 (see Note) (見附註) |
| Ms. Ho Po Chu | 何寶珠女士 | 1 | – | 1 (see Note) (見附註) | 2 | 1 (see Note) (見附註) |

Note: The short position is created by virtue of the grant of option in favour of Karrie International (B.V.I.) Limited to acquire these shares. Mr. Ho Cheuk Fai and Ms. Ho Po Chu are deemed to have interest in these shares as well as a short position by virtue of their interests in the Company.

附註：有關之淡倉乃由於給予 Karrie International (B.V.I.) Limited 在該等股份上之認購權而產生。何焯輝先生及何寶珠女士由於持有本公司之權益，故被視為持有該等股份及有關之淡倉。

Save as disclosed above and under the heading "Share Option Schemes", none of the Directors, chief executives or their associates have any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations as defined in the SFO as at 31 March 2004.

除上文及根據「購股權計劃」中所披露外，各董事、最高行政人員或其聯繫人等於二零零四年三月三十一日在本公司或其相聯法團（釋義見《證券條例》）股本中無持有任何個人、家屬、法團或其他權益。

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)

As at 15 June 2004

The interests of the Directors and chief executive in the shares of the Company and any associated corporations (as defined in the SFO) as recorded in the register maintained under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies are as follows:

(A) Interests in the Company

董事及最高行政人員之股份權益 (續)

於二零零四年六月十五日

本公司各董事及最高行政人員在本公司(及其相聯法團)(釋義見《證券條例》)股本中擁有並已登記於本公司按證券條例第352條而存置之登記冊所載之權益,或根據《上市公司董事進行證券交易的標準守則》已知會本公司及聯交所之權益如下:

(甲) 於本公司之權益

Number of ordinary shares of HK\$0.10 each
每股面值0.1港元之普通股數目

| | | Personal interests 個人權益 | Family interests 家屬權益 | Corporate/ Other interests 法團權益或 其他權益 | Number of outstanding share options 未行使 購股權數目 |
|----------------------------|-------|----------------------------|---------------------------------|--|---|
| Mr. Ho Cheuk Fai | 何焯輝先生 | 3,160,000 | 36,292,000 (Note 1) (附註一) | 172,200,000 (Note 2) (附註二) | - |
| Mr. Ho Cheuk Ming | 何卓明先生 | 4,000,000 | - | 172,200,000 (Note 3) (附註三) | 2,700,000 |
| Mr. Kwok Wing Kin, Francis | 郭永堅先生 | 700,000 | - | - | 2,400,000 |
| Mr. Tam Wing Hung | 談永雄先生 | 680,000 | - | - | 620,000 |
| Mr. Lee Shu Ki | 李樹琪先生 | 1,300,000 | - | - | 1,000,000 |
| Mr. Wong Shun Pang | 黃順鵬先生 | 410,000 | - | - | 1,300,000 |
| Ms. Ho Po Chu | 何寶珠女士 | 36,292,000 | - | 172,200,000 (Note 4) (附註四) | - |

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)

(A) Interests in the Company (Cont'd)

Notes:

1. Mr. Ho Cheuk Fai is deemed to be interested in these shares by virtue of the fact that his wife, Ms. Ho Po Chu has a personal interest in these shares.
2. 172,200,000 shares are held by Pearl Court Company Limited ("Pearl Court") as trustee for a unit trust known as Ho Cheuk Fai Family Trust ("HCF Trust"). Mr. Ho Cheuk Fai is deemed to be interested in these shares through Pearl Court by virtue of his wife being the only shareholder of Pearl Court and controlling one-third or more of the voting power at general meetings of Pearl Court. Mr. Ho Cheuk Fai is also deemed to be interested in these shares by virtue of the fact that one of 10,000 units of HCF Trust is held by his wife and the beneficiaries of a discretionary trust known as Ho Wai Leung Memorial Trust ("HWL Trust") (see note 3 below) which include Ms. Ho Po Chu and Mr. Ho's children under 18.
3. These shares are held by Pearl Court as trustee for HCF Trust. 9,999 of 10,000 units of HCF Trust are held by HSBC International Trustee Limited ("HITL") as trustee for HWL Trust. Mr. Ho Cheuk Ming is deemed to be interested in these shares by virtue of the fact that he is one of the beneficiaries of HWL Trust.
4. Disregarding the interests of her husband, Mr. Ho Cheuk Fai, who is the Chairman and a Director of the Company and whose interests are separately disclosed, Ms. Ho Po Chu is deemed to be interested in these shares through Pearl Court by virtue of the facts that she is the only shareholder of Pearl Court and holds one unit of HCF Trust and that the beneficiaries of HWL Trust includes herself and her children under 18.

董事及最高行政人員之股份權益 (續)

(甲) 於本公司之權益 (續)

附註：

- 一、 何焯輝先生因其妻子何寶珠女士在該等股份中擁有個人權益而被視為擁有該等權益。
- 二、 172,200,000股股份由 Pearl Court 以 HCF Trust 之單位信託之受託人持有。由於何焯輝先生的妻子乃 Pearl Court 的唯一股東及在 Pearl Court 股東大會控制三分之一或以上投票權，故何焯輝先生被視為透過 Pearl Court 持有該等股份。何焯輝先生亦因 HCF Trust 10,000 個單位中的其中一個乃由其妻子持有，而 HWL Trust (見附註三) 之受益人包括何寶珠女士及其 18 歲以下的子女，故此被視為擁有該等股份之權益。
- 三、 這些股份由 Pearl Court 以 HCF Trust 受託人身份持有。HCF Trust 10,000 個單位中之 9,999 個乃由 HWL Trust 之全權信託之受託人 HITL 持有。何卓明先生由於屬 HWL Trust 之受益人之一，故被視為持有該等股份。
- 四、 除何寶珠女士的丈夫何焯輝先生本身之權益外 (該等權益因何先生為本公司主席及董事已作獨立披露) 何寶珠女士為 Pearl Court 的唯一股東，其持有 HCF Trust 其中一個單位以及由於 HWL Trust 之受益人包括何寶珠女士及其 18 歲以下的子女，因此何寶珠女士被視為透過 Pearl Court 擁有該等股份之權益。

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)**董事及最高行政人員之股份權益** (續)**(B) Interests in associated corporations****(乙) 於相聯法團之權益**(i) *Karrie Industrial Company Limited*

(i) 嘉利產品有限公司

Number of non-voting deferred shares of HK\$100 each
每股面值100港元之無投票權遞延股份數目

| | | Personal interests | Family interests | Corporate/ Other interests | Total interests | Short Position |
|------------------|-------|--------------------|------------------|-------------------------------|-----------------|-------------------------------|
| | | 個人權益 | 家屬權益 | 法團權益或 其他權益 | 合計權益 | 淡倉 |
| Mr. Ho Cheuk Fai | 何焯輝先生 | 43,000 | – | 43,000 (see Note) (見附註) | 86,000 | 43,000 (see Note) (見附註) |
| Ms. Ho Po Chu | 何寶珠女士 | 7,000 | – | 7,000 (see Note) (見附註) | 14,000 | 7,000 (see Note) (見附註) |

(ii) *Karpo Technologies Limited*

(ii) 嘉寶科技有限公司

Number of non-voting deferred shares of HK\$100 each
每股面值100港元之無投票權遞延股份數目

| | | Personal interests | Family interests | Corporate/ Other interests | Total interests | Short Position |
|------------------|-------|--------------------|------------------|-------------------------------|-----------------|-------------------------------|
| | | 個人權益 | 家屬權益 | 法團權益或 其他權益 | 合計權益 | 淡倉 |
| Mr. Ho Cheuk Fai | 何焯輝先生 | 10,000 | – | 10,000 (see Note) (見附註) | 20,000 | 10,000 (see Note) (見附註) |

Report of The Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES (Cont'd)**董事及最高行政人員之股份權益** (續)**(B) Interests in associated corporations** (Cont'd)**(乙) 於相聯法團之權益** (續)

(iii) Karrie Industrial Holdings Limited

(iii) Karrie Industrial Holdings Limited

Number of non-voting deferred shares of HK\$1 each
每股面值1港元之無投票權遞延股份數目

| | | Personal interests 個人權益 | Family interests 家屬權益 | Corporate/ | Total interests 合計權益 | Short Position 淡倉 |
|------------------|-------|----------------------------|--------------------------|----------------------------------|-------------------------|--------------------------|
| | | | | Other interests 法團權益或 其他權益 | | |
| Mr. Ho Cheuk Fai | 何焯輝先生 | 1 | – | 1 (see Note) (見附註) | 2 | 1 (see Note) (見附註) |
| Ms. Ho Po Chu | 何寶珠女士 | 1 | – | 1 (see Note) (見附註) | 2 | 1 (see Note) (見附註) |

Note: The short position is created by virtue of the grant of option in favour of Karrie International (B.V.I.) Limited to acquire these shares. Mr. Ho Cheuk Fai and Ms. Ho Po Chu are deemed to have interest in these shares as well as a short position by virtue of their interests in the Company.

附註：有關之淡倉乃由於給予 Karrie International (B.V.I.) Limited 在該等股份上之認購權而產生。何焯輝先生及何寶珠女士由於持有本公司之權益，故被視為持有該等股份及有關之淡倉。

Save as disclosed above and under the heading "Share Option Schemes", none of the Directors, chief executives or their associates have any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations as defined in the SFO as at 15 June 2004.

除上文及根據「購股權計劃」中所披露外，各董事、最高行政人員或其聯繫人等於二零零四年六月十五日在本公司或其相聯法團（釋義見《證券條例》）股本中無持有任何個人、家屬、法團或其他權益。

Report of The Directors 董事會報告

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the directors of the Company had any interest in any business which competes with the Group.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004

According to the register of interests kept by the Company under section 336 of the SFO, the persons (other than a Director or chief executive of the Company) who are, directly or indirectly, interested and/or deemed to be interested in 5% or more of the nominal value of the issued share capital of the Company are as follows:

董事於競爭業務之權益

本公司各董事概無與本集團構成競爭之業務中擁有任何權益。

主要股東

於二零零四年三月三十一日

根據本公司按《證券條例》第336條存置之權益登記冊，直接或間接擁有及／或被視作擁有本公司已發行股本的面值5%或以上權益之人士（不包括董事及本公司之最高行政人員）如下：

Number of ordinary shares of HK\$0.10 each 每股面值0.1港元之普通股數目

| Name of Shareholder 股東名稱 | Personal interests 個人權益 | Corporate/ Other interests 法團權益或 其他權益 | Shareholding percentage 持股百分比 |
|--------------------------------|----------------------------|--|-------------------------------------|
| Pearl Court* | – | 172,200,000 (Note 1 附註一) | 42.97% |
| HITL | – | 172,580,000 (Note 2 附註二) | 43.06% |
| Cheah Cheng Hye 謝清海先生 | – | 37,638,000 (Note 3 附註三) | 9.39% |
| Value Partners Limited (“VPL”) | – | 37,638,000 (Note 3 附註三) | 9.39% |

Report of The Directors 董事會報告

SUBSTANTIAL SHAREHOLDERS (Cont'd)

As at 31 March 2004 (Cont'd)

Notes:

1. Pearl Court is a trustee of HCF Trust. On 23 May 2003, there was a placing of 60,000,000 existing shares of the Company held by Pearl Court to independent investors at a placing price of HK\$1.80 per share. (Please refer to the announcement made by the Company dated 23 May 2003 for details.)
 2. HITL is the trustee of HWL Trust and other party(ies).
 3. Mr. Cheah is deemed to be interested in these shares by virtue of his 32.53% control over VPL.
- * The interests of Pearl Court duplicates with the family interests and corporate/other interests of Mr. Ho Cheuk Fai, Mr. Ho Cheuk Ming and Ms. Ho Po Chu as stated in the section headed "Directors' and Chief Executive's Interests in the Shares".

Save as disclosed above, as at 31 March 2004, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests in the Shares" above, had registered an interest or short position in the shares and underlying shares of equity derivatives of the Company that was required to be recorded pursuant to section 336 of the SFO.

主要股東 (續)

於二零零四年三月三十一日 (續)

附註：

- 一、 Pearl Court為HCF Trust之受託人。於二零零三年五月二十三日，Pearl Court向獨立投資者以每股1.80港元之配售價配售本公司60,000,000股現有股份。(詳情請參閱本公司於二零零三年五月二十三日發出之公佈。)
 - 二、 HITL為HWL Trust及其他人士之受託人。
 - 三、 謝清海先生透過擁有32.53%VPL之控制權而被視為擁有該等股份之權益。
- * Pearl Court於股份中之法團權益／其他權益與何焯輝先生、何卓明先生及何寶珠女士的家屬權益及法團權益／其他權益重複，於「董事及最高行政人員之股份權益」中詳述。

除上文及董事及最高行政人員於「董事及最高行政人員之股份權益」中披露外，於二零零四年三月三十一日，並無人士需根據《證券條例》第336條登記其於本公司之股份權益或淡倉記錄或股本衍生工具下的股份權益。

Report of The Directors 董事會報告

SUBSTANTIAL SHAREHOLDERS (Cont'd)

As at 15 June 2004

According to the register of interests kept by the Company under section 336 of the SFO, the persons (other than a Director or chief executive of the Company) who are, directly or indirectly, interested and/or deemed to be interested in 5% or more of the nominal value of the issued share capital of the Company are as follows:

主要股東 (續)

於二零零四年六月十五日

根據本公司按證券條例第336條存置之權益登記冊，直接或間接擁有及／或被視作擁有本公司已發行股本之面值5%或以上權益之人士(不包括董事及本公司之最高行政人員)如下：

| Name of Shareholder 股東名稱 | Number of ordinary shares of HK\$0.10 each 每股面值0.1港元之普通股數目 | | |
|--------------------------------|---|--|-------------------------------------|
| | Personal interests 個人權益 | Corporate/ Other interests 法團權益或 其他權益 | Shareholding percentage 持股百分比 |
| Pearl Court* | – | 172,200,000 (Note 1 附註一) | 42.90% |
| HITL | – | 172,580,000 (Note 2 附註二) | 43.00% |
| Cheah Cheng Hye 謝清海先生 | – | 40,126,000 (Note 3 附註三) | 9.99% |
| Value Partners Limited (“VPL”) | – | 40,126,000 (Note 3 附註三) | 9.99% |

Report of The Directors 董事會報告

SUBSTANTIAL SHAREHOLDERS (Cont'd)

As at 15 June 2004 (Cont'd)

Notes:

1. Pearl Court is a trustee of HCF Trust.
 2. HITL is the trustee of HWL Trust and other party(ies).
 3. Mr. Cheah is deemed to be interested in these shares by virtue of his 32.53% control over VPL.
- * The interests of Pearl Court duplicate the family interests and corporate/other interests of Mr. Ho Cheuk Fai, Mr. Ho Cheuk Ming and Ms. Ho Po Chu as stated in the section headed "Directors' and Chief Executive's Interests in the Shares".

Save as disclosed above, as at 15 June 2004, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests in the Shares" above, had registered an interest or short position in the shares and underlying shares of equity derivatives of the Company that was required to be recorded pursuant to section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 31 March 2004 attributable to the Group's major suppliers and customers are as follows:

| | |
|---------------------------------|-----|
| Purchases | |
| The largest supplier | 21% |
| Five largest suppliers combined | 54% |
| Sales | |
| The largest customer | 23% |
| Five largest customers combined | 74% |

None of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's major suppliers or customers noted above.

主要股東 (續)

於二零零四年六月十五日 (續)

附註：

- 一、 Pearl Court為HCF Trust之受託人。
 - 二、 HITL為HWL Trust及其他人士之受託人。
 - 三、 謝清海先生透過擁有32.53%VPL之控制權而被視為擁有該等股份之權益。
- * Pearl Court於股份中之法團權益／其他權益與何焯輝先生、何卓明先生及何寶珠女士的家屬權益及法團權益／其他權益重複，於「董事及最高行政人員股份之權益」中詳述。

除上文及董事及最高行政人員於「董事及最高行政人員之股份權益」中披露外，於二零零四年六月十五日，並無人士需根據《證券條例》第336條登記其於本公司之股份權益或淡倉記錄或股本衍生工具下的股份權益。

主要客戶及供應商

截至二零零四年三月三十一日止年度，本集團主要供應商及客戶之購買及銷售百分比為：

| | |
|---------|-----|
| 購買 | |
| 最大供應商 | 21% |
| 五大供應商共佔 | 54% |
| 銷售 | |
| 最大客戶 | 23% |
| 五大客戶共佔 | 74% |

除上述外，各董事、彼等的聯繫人或以董事所知擁有本公司股本超過5%之股東並無擁有任何上述本集團主要供應商及客戶之權益。

Report of The Directors 董事會報告

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 26 July 2004 to Friday, 30 July 2004 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Room 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 23 July 2004.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the Directors, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year.

AUDIT COMMITTEE

According to the requirements of the Listing Rules, in January 1999 the Group has established an Audit Committee which now comprises three independent non-executive directors of the Company. They are responsible for dealing with matters relating to audit which include reviewing and supervising the financial reporting process and internal control to protect the interests of the shareholders. In year 2003/04 they have met four times to discuss and review the performance of the Group, including the report to the audit committee for audited financial statements of the Group for the year ended 31 March 2004 issued by the external auditors.

The audit committee has also reviewed the terms and conditions of connected transactions of the Company took place during the year under review.

暫停辦理過戶登記

本公司將由二零零四年七月二十六日(星期一)至二零零四年七月三十日(星期五)(包括首尾兩天)暫停辦理股份過戶登記手續。如欲享有擬派發之末期股息,所有填妥之股份轉讓文件連同有關之股票,須於二零零四年七月二十三日(星期五)下午四時前送達本公司於香港之股份過戶登記分處:香港中央證券登記有限公司;地址為香港灣仔皇后大道東183號合和中心17樓1712至6室。

遵守最佳應用守則

董事會認為本公司於本財政年度內一直遵守《上市規則》附錄十四內所載「最佳應用守則」之規定。

審核委員會

遵照《上市規則》之規定,本公司於一九九九年一月成立了審核委員會,該委員會由三位獨立非執行董事組成。審核委員會負責處理審核範圍內之事宜,包括檢討及監督財務匯報程序及內部監控,以保障股東之利益。於二零零三/零四年度審核委員會共召開四次會議以討論及檢視集團之業績,包括由外聘核數師發予審核委員會有關本集團截至二零零四年三月三十一日止年度經審核財務報告的報告。

審核委員會亦已審閱本公司於回顧年度內進行的關連交易的條款及條件。

Report of The Directors 董事會報告

AUDITORS

The Accounts have been audited by Messrs. PricewaterhouseCoopers who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

Ho Cheuk Fai

Chairman

Hong Kong, 25 June 2004

核數師

本年度之帳目由羅兵咸永道會計師事務所審核；該核數師已任滿，惟有資格並願意膺選連任。

承董事會命

主席

何焯輝

香港，二零零四年六月二十五日

Financial Section 財務專欄

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Auditors' Report 核數師報告

PRICEWATERHOUSECOOPERS 

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**TO THE SHAREHOLDERS OF
KARRIE INTERNATIONAL HOLDINGS LIMITED**
(Incorporated in Bermuda with limited liability)

We have audited the accounts on pages 93 to 146 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company and of the group, consistently applied and adequately disclosed.

致嘉利國際控股有限公司
(於百慕達註冊成立之有限公司)
全體股東

本核數師已完成審核刊載於第93頁至第146頁按照香港普遍採納之會計原則編製之帳目。

董事及核數師各自之責任

貴公司之董事須負責編製真實兼公平之帳目。在編製該等真實兼公平之帳目時，董事必須選擇及貫徹地採用合適之會計政策。

本核數師之責任是根據審核工作之結果，對該等帳目作出獨立意見，並按照百慕達1981年《公司法》第90條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告之內容向任何其他人士負上或承擔任何責任。

意見之基礎

本核數師已按照香港會計師公會所頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與帳目所載數額及披露事項有關之憑證，亦包括評審董事於編製該等帳目時所作之重大估計和判斷，所採用之會計政策是否適合 貴公司與 貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

Auditors' Report 核數師報告

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 2004 and of the profit and cash flows of the group for the year then ended, and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2004

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等帳目是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等帳目所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

意見

本核數師認為，上述之帳目足以真實兼公平地顯示 貴公司與 貴集團於二零零四年三月三十一日結算時之財務狀況，及 貴集團截至該日止年度之溢利及現金流量，並按照香港公司條例之披露規定妥為編製。

羅兵咸永道會計師事務所
香港執業會計師

香港，二零零四年六月二十五日

Consolidated Profit and Loss Account 綜合損益表

For the Year Ended 31 March 2004 截至二零零四年三月三十一日止

| | | Note 附註 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 As restated 重列 |
|---|--------------|------------|----------------------------------|---|
| Turnover | 營業額 | 3 | 1,692,960 | 1,737,979 |
| Cost of sales | 銷售成本 | | (1,461,469) | (1,476,776) |
| Gross profit | 毛利 | | 231,491 | 261,203 |
| Other revenue | 其他收入 | 3 | 6,585 | 8,890 |
| Distribution and selling expenses | 分銷及銷售費用 | | (26,648) | (27,406) |
| General and administrative expenses | 一般及行政費用 | | (104,901) | (99,212) |
| Operating profit | 經營溢利 | 4 | 106,527 | 143,475 |
| Share of loss of an associated company | 應佔聯營公司 虧損 | | (1,766) | – |
| Finance costs | 財務成本 | 5 | (6,145) | (10,401) |
| Profit before taxation | 除稅前溢利 | | 98,616 | 133,074 |
| Taxation | 稅項 | 8 | (8,176) | (13,266) |
| Profit attributable to shareholders | 股東應佔溢利 | 9 | 90,440 | 119,808 |
| Dividends | 股息 | 10 | 81,649 | 91,961 |
| Earnings per share | 每股溢利 | 11 | | |
| – Basic | – 基本 | | 23.0 cents 仙 | 31.6 cents 仙 |
| – Diluted | – 攤薄 | | 22.1 cents 仙 | 30.4 cents 仙 |

Balance Sheets 資產負債表

As at 31 March 2004 於二零零四年三月三十一日

| | | Consolidated 綜合 | | Company 本公司 | |
|---|--------------|----------------------------------|---|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 As restated 重列 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| | Note 附註 | | | | |
| NON-CURRENT ASSETS | 非流動資產 | | | | |
| Fixed assets | 12 | 251,464 | 229,195 | - | - |
| Investment in subsidiaries | 13 | - | - | 380,701 | 423,666 |
| Investment in an associated company | 14 | 7,142 | 6,000 | - | - |
| Deferred tax assets | 23 | 2,071 | 1,354 | - | - |
| Total non-current assets | | 260,677 | 236,549 | 380,701 | 423,666 |
| CURRENT ASSETS | 流動資產 | | | | |
| Inventories | 15 | 166,474 | 156,304 | - | - |
| Trade receivables | 2 & 16 | 291,743 | 267,195 | - | - |
| Prepayments, deposits and other current assets | | 19,460 | 29,950 | 182 | 104 |
| Prepaid tax | | - | 257 | - | - |
| Cash and bank deposits | 17 | 245,203 | 258,205 | 1,255 | 760 |
| Total current assets | | 722,880 | 711,911 | 1,437 | 864 |
| CURRENT LIABILITIES | 流動負債 | | | | |
| Short-term bank borrowings | 18 | (194,004) | (206,242) | - | - |
| Finance lease obligations, current portion | 19 | (3,893) | (5,741) | - | - |
| Trade payables | 20 | (225,060) | (229,153) | - | - |
| Accruals and other payables | | (109,408) | (96,162) | (7,986) | (10,684) |
| Receipts in advance | | (208) | (5,054) | - | - |
| Taxation payable | | (197) | (5,121) | - | - |
| Amount due to a related company | 2 | - | (273) | - | - |
| Total current liabilities | | (532,770) | (547,746) | (7,986) | (10,684) |
| Net current assets (liabilities) | | 190,110 | 164,165 | (6,549) | (9,820) |
| Total assets less current liabilities | | 450,787 | 400,714 | 374,152 | 413,846 |

Balance Sheets 資產負債表

As at 31 March 2004 於二零零四年三月三十一日

| | | Note 附註 | Consolidated 綜合 | | Company 本公司 | |
|--|---------------|------------|----------------------------------|---|----------------------------------|----------------------------------|
| | | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 As restated 重列 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| NON-CURRENT LIABILITIES | 非流動負債 | | | | | |
| Long-term bank loans | 長期銀行貸款 | 21 | (52,500) | (7,500) | - | - |
| Finance lease obligations | 融資租賃責任 | 19 | (1,093) | (5,032) | - | - |
| Provision for long service payments | 長期服務金 之準備 | 22 | (10,142) | (11,814) | - | - |
| Deferred tax liabilities | 遞延稅項負債 | 23 | (11,589) | (11,626) | - | - |
| Total non-current liabilities | 非流動負債總值 | | (75,324) | (35,972) | - | - |
| MINORITY INTERESTS | 少數股東權益 | | (424) | (424) | - | - |
| Net assets | 資產淨值 | | 375,039 | 364,318 | 374,152 | 413,846 |
| Representing: | 代表： | | | | | |
| SHARE CAPITAL | 股本 | 24 | 40,076 | 38,150 | 40,076 | 38,150 |
| RESERVES | 儲備 | 26 | 334,963 | 326,168 | 334,076 | 375,696 |
| Shareholders' equity | 股東權益 | | 375,039 | 364,318 | 374,152 | 413,846 |

HO CHEUK FAI

何焯輝

Director

董事

KWONG WING KIN, FRANCIS

郭永堅

Director

董事

Consolidated Cash Flow Statement 綜合現金流量表

For the Year Ended 31 March 2004 截至二零零四年三月三十一日

| | Note 附註 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|-----------------------|----------------------------------|----------------------------------|
| Operating activities | 經營活動 | | |
| Operating profit | 經營溢利 | 106,527 | 143,475 |
| Depreciation of fixed assets | 固定資產折舊 | 34,490 | 32,055 |
| Gain on disposal of fixed assets | 出售固定資產之收益 | (196) | (473) |
| Interest income | 利息收入 | (1,620) | (3,101) |
| Operating profit before working capital changes | 營運資金變動前之經營溢利 | 139,201 | 171,956 |
| Increase in inventories | 存貨之增加 | (10,170) | (33,457) |
| Increase in trade receivables | 貿易應收帳款之增加 | (24,548) | (65,654) |
| Decrease/(increase) in prepayments, deposits and other current assets | 預付款、按金及其他流動資產之減少/(增加) | 10,490 | (15,885) |
| (Decrease)/increase in trade payables | 貿易應付帳款之(減少)/增加 | (4,093) | 50,673 |
| Increase in accruals and other payables | 應計費用及其他應付帳款之增加 | 13,246 | 11,998 |
| Decrease in receipts in advance | 預收帳款之減少 | (4,846) | (1,049) |
| (Decrease)/increase in provision for long service payments | 長期服務金之準備之(減少)/增加 | (1,672) | 720 |
| Decrease in amount due to a related company | 應付關聯公司款項之減少 | (273) | – |
| Net cash inflow generated from operations | 經營活動之現金流入淨額 | 117,335 | 119,302 |
| Interest paid | 已付利息 | (6,145) | (10,401) |
| Hong Kong profits tax paid | 已付香港利得稅 | (13,550) | (9,134) |
| Hong Kong profits tax refunded | 香港利得稅退還 | 13 | 20 |
| Net cash inflow from operating activities | 經營活動之現金流入淨額 | 97,653 | 99,787 |
| Investing activities | 投資活動 | | |
| Additions of fixed assets | 添置固定資產 | (58,842) | (24,488) |
| Proceeds from disposal of fixed assets | 出售固定資產之收入 | 2,279 | 478 |
| Investment in an associated company | 於聯營公司之投資 | – | (6,000) |
| Increase in amount due from an associated company | 應收聯營公司款項之增加 | (2,908) | – |
| Interest received | 已收利息 | 1,620 | 3,101 |
| Net cash outflow from investing activities | 投資活動之現金流出淨額 | (57,851) | (26,909) |
| Net cash inflow before financing | 融資前之現金流入淨額 | 39,802 | 72,878 |

Consolidated Cash Flow Statement 綜合現金流量表

For the Year Ended 31 March 2004 截至二零零四年三月三十一日

| | | Note 附註 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--|--------------------------|------------|----------------------------------|----------------------------------|
| Financing | 融資 | 27 | | |
| Proceeds from exercise of share options | 行使購股權 之收入 | | 14,818 | 3,536 |
| New long-term bank loans | 新長期銀行貸款 | | 75,000 | – |
| New short-term bank loans | 新短期銀行貸款 | | 1,092,311 | 578,619 |
| Repayment of long-term bank loans | 償還長期銀行貸款 | | (11,500) | (4,000) |
| Repayment of short-term bank loans | 償還短期銀行貸款 | | (1,123,658) | (498,346) |
| Repayment of capital element of finance lease obligations | 償還融資租賃責任 之本金部份 | | (5,787) | (12,130) |
| Dividends paid | 已派股息 | | (94,597) | (106,309) |
| Net cash outflow from financing activities | 融資活動之現金 流出淨額 | | (53,413) | (38,630) |
| (Decrease)/increase in cash and cash equivalents | 現金及現金等值物之 (減少)/增加 | | (13,611) | 34,248 |
| Cash and cash equivalents, beginning of year | 年初之現金及 現金等值物 | | 258,030 | 223,782 |
| Cash and cash equivalents, end of year | 年底之現金及 現金等值物 | | 244,419 | 258,030 |
| Analysis of cash and cash equivalents: | 現金及現金等值物 之分析： | | | |
| Cash and bank deposits | 現金及銀行存款 | | 245,203 | 258,205 |
| Bank overdrafts | 銀行透支 | | (784) | (175) |
| | | | 244,419 | 258,030 |

Consolidated Statement of Changes in Shareholders' Equity 綜合股東權益變動結算表

For the Year Ended 31 March 2004 截至二零零四年三月三十一日止

| | | Note 附註 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 As restated 重列 |
|---|--------------------|------------|----------------------------------|---|
| Total shareholders' equity, beginning of year, as previously reported | 年初之股東權益 總值，如前呈報 | | 370,517 | 352,247 |
| Effect of change in an accounting policy | 修訂會計政策 之影響 | 1(j) | (6,199) | (4,844) |
| Total shareholders' equity, beginning of year, as restated | 年初之股東權益 總值，重列 | | 364,318 | 347,403 |
| Profit attributable to shareholders | 股東應佔溢利 | | 90,440 | 119,808 |
| Deferred tax effect on revaluation of fixed assets | 遞延稅項對固定資產 重估之影響 | 26 | 60 | (120) |
| Dividends paid | 已派股息 | 26 | (94,597) | (106,309) |
| Issue of shares | 股本之發行 | 24 & 26 | 14,818 | 3,536 |
| Total shareholders' equity, end of year | 年底之股東權益 總值 | | 375,039 | 364,318 |

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

In the current year, the Group adopted Statement of Standard Accounting Practice No. 12 "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1 April 2003. The changes to the Group's accounting policies upon the adoption of the new SSAP 12 are set out in note 1(j) below.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries, together with the Group's share of post-acquisition results and reserves of its associated company under the equity method of accounting, made up to 31 March.

Subsidiaries are those entities in which the company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries and associated company acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

1. 主要會計政策

編製此等帳目所採用之主要會計政策列載如下：

(a) 編製基準

本帳目乃按照香港公認會計原則及香港會計師公會頒佈之會計標準編製。帳目並依據歷史成本常規法編製，並就土地及樓宇重估而作出修訂。

於本年度，本集團採納由香港會計師公會頒佈之會計準則第12號「所得稅」，於二零零三年四月一日或以後開始之會計期間生效。本集團會計政策之變更及採納此新政策之影響載列於以下附註1(j)。

(b) 本集團會計

(i) 綜合帳目

綜合帳目包括本公司及各附屬公司以及本集團所佔以權益法核算之聯營公司之收購後溢利及儲備截至三月三十一日止之帳目。

附屬公司指本公司直接或間接控制過半數投票權；有權控制財政及營運決策；委任或撤換董事會大多數成員；或在董事會會議上有大多數投票權之公司。

在年內購入或售出之附屬公司及聯營公司，其業績由收購生效日起計或計至出售生效日止列入綜合損益表內。

本集團內公司間之重大交易及結餘已於綜合帳目內對銷。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) Group accounting (Cont'd)

(i) Consolidation (Cont'd)

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable.

(ii) Associated company

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of an associated company for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated company and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1. 主要會計政策 (續)

(b) 本集團會計 (續)

(i) 綜合帳目 (續)

出售附屬公司之收益或虧損指出售所得之收入與本集團應佔該公司資產淨值之差額，連同之前並未在綜合損益表內支銷或入帳之任何未攤銷商譽或負商譽，或已在儲備記帳之商譽／負商譽。

少數股東權益指外界股東在附屬公司之經營業績及資產淨值中擁有之權益。

在本公司之資產負債表內，附屬公司之投資以成本值扣除減值虧損準備入帳。本公司將附屬公司之業績按已收及應收股息入帳。

(ii) 聯營公司

聯營公司為附屬公司或合營企業以外，本集團持有其股權作長期投資，並對其管理具有重大影響力之公司。

綜合損益表包括本集團應佔聯營公司之本年度業績，而綜合資產負債表則包括本集團應佔聯營公司之資產淨值及收購產生之商譽／負商譽（扣除累計攤銷）。

當聯營公司之投資帳面值已全數撤銷，便不再採用權益會計法，除非本集團就該聯營公司已產生承擔或有擔保之承擔。

本集團與其聯營公司間交易之未變現盈利按本集團應佔該等聯營公司之權益撤銷；除非交易提供所轉讓資產減值之憑證，否則將未變現虧損撤銷。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) Group accounting (Cont'd)

(iii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries and associated company expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences arising in these cases are dealt with as a movement in reserves.

(c) Fixed assets and depreciation

Construction-in-progress is stated at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses.

Other fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Land and buildings are depreciated over the period of the leases, while other fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

| | |
|-------------------------------------|------------------------|
| Land | 2% to 2.2% |
| Buildings | 2% to 4% (lease terms) |
| Fixtures and leasehold improvements | 8% to 10% |
| Machinery | 10% to 20% |
| Moulds and tooling | 10% to 15% |
| Furniture and computer equipment | 10% to 33.33% |

1. 主要會計政策 (續)

(b) 本集團會計 (續)

(iii) 外幣折算

以外幣為本位之交易，均按交易當日之匯率折算。於結算日以外幣顯示之貨幣資產與負債則按結算日之匯率折算。由此產生之匯兌盈虧均計入損益表。

附屬公司及聯營公司以外幣顯示之資產負債表均按結算日之匯率折算，而損益表則按平均匯率折算。由此產生之匯兌盈虧作為儲備變動入帳。

(c) 固定資產與折舊

在建工程按成本值列帳，包括發展與建築費用，及屬於發展項目之其他直接成本，扣除任何累積減值虧損。

其他固定資產按成本值或估值扣除累積折舊及累積減值虧損列帳。

土地及樓宇按租約年期折舊，其他固定資產則以直線法於其估計可用年期內將其成本值減累積減值虧損撇銷。主要之折舊年率如下：

| | |
|---------|--------------|
| 土地 | 2%-2.2% |
| 樓宇 | 2%-4% (租賃年期) |
| 物業裝修 | 8%-10% |
| 機器 | 10%-20% |
| 模具及工具 | 10%-15% |
| 傢俬及電腦設備 | 10%-33.33% |

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(c) Fixed assets and depreciation (Cont'd)

Land and buildings are subject to independent valuations on a regular basis, with the last valuation performed on 31 March 2002. In the intervening years, the Directors review the carrying value of land and buildings and adjustment is made where they consider that there has been a material change. Any increase in valuation of land and buildings is credited to the fixed assets revaluation reserve. Decrease in valuation is first offset against increase on earlier valuations in respect of the same land and buildings and is thereafter debited to operating profit. Any subsequent increase is credited to operating profit up to the amount previously debited.

Improvements are capitalised and depreciated over their expected useful lives to the Group.

Fixed assets held under finance leases are recorded and depreciated on the same basis as described above.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

1. 主要會計政策 (續)

(c) 固定資產與折舊 (續)

土地及樓宇會定期進行獨立性之評估，最近之評估乃於二零零二年三月三十一日進行。相隔年間，由董事檢討其土地及樓宇之帳面值，如有重大變動則作出調整。土地及樓宇重估之增值會撥入固定資產重估儲備。重估之減值則首先與同一土地及樓宇早前重估之增值對銷，然後在經營溢利中扣除。其後任何增值將撥入經營溢利，惟最高以早前扣減之金額為限。

資產改良支出均資本化，並按其對本集團之預計可用年期計算折舊。

以融資租賃方式所持有之固定資產皆採用上述之相同基準予以記錄及計算折舊。

在每年結算日，固定資產皆透過本集團內部及外界所獲得之資訊，評核該等固定資產有否耗蝕。如有跡象顯示該等資產出現耗蝕，則估算其可收回價值，及在合適情況下將減值虧損入帳以將資產減至其可收回價值。此等減值虧損在損益表入帳，但假若某資產乃按估值列帳，而減值虧損不超過該資產之重估盈餘，此等虧損則當作重估減值。

出售固定資產之收益或虧損乃出售所得收入淨額與資產帳面值之差額，將列算於損益表內。任何屬於有關被出售之資產之重估儲備結餘均轉撥至保留溢利，並列作儲備變動。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(e) Inventories

Inventories comprise raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(f) Accounts receivables

Provision is made against accounts receivables to the extent they are considered to be doubtful. Accounts receivables in the balance sheet are stated net of such provision.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and cash investments with a maturity of three months or less from date of investment and bank overdrafts.

1. 主要會計政策 (續)

(d) 租賃資產

(i) 融資租賃

融資租賃是指將擁有資產之風險及回報實質上轉讓予本集團之租賃。融資租賃之資產在開始時按租賃資產之公平值或最底租賃付款之現值，以較低者入帳。每期租金均分攤為資本性支出及財務費用，以達到資本結欠額之常數比率。相應租賃承擔在扣除財務費用後計入長期負債內。財務費用於租約期內在損益表中支銷。

(ii) 經營租賃

經營租賃是指擁有資產之風險及回報實質上由出租公司保留之租賃。租賃款額在扣除自出租公司收取之任何獎勵金後，於租賃期內以直線法在損益表中支銷。

(e) 存貨

存貨包括原材料、半製成品及製成品，按成本值與可變現淨值二者之較低者入帳。成本值以先進先出法計算，並包括原材料、直接人工及所有生產經常開支之應佔部份。可變現淨值乃按預計銷售所得款項扣除估計營銷費用計算。

(f) 應收帳款

凡被視為呆帳之應收帳款，均提撥準備。在資產負債表內列帳之應收帳款已扣除有關之準備金。

(g) 現金及現金等值物

現金及現金等值物按成本在資產負債表內列帳。在現金流量表中，現金及現金等值物包括庫存現金及銀行通知存款、三個月內到期之現金投資及銀行透支。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(h) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(i) Employee benefits*(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group's contributions to the defined contribution retirement plans are expensed as incurred.

(iii) Long service payments

The Group's net obligation in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The discount rate is the yield at balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

1. 主要會計政策 (續)**(h) 準備**

當本集團因已發生的事件須承擔現有之法律性或推定性的責任，而解除責任時有可能消耗資源，並在責任金額能夠可靠地作出估算的情況下，需確立準備。當集團預計準備款可獲償付，則將償付款確認為一項獨立資產，惟只能在償付款可實質地確定時確認。

(i) 僱員福利*(i) 僱員應享假期之權利*

僱員在年假和長期服務休假之權利在僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假及長期服務休假之估計負債作出準備。僱員在病假及產假之權利不作確認，直至僱員正式休假為止。

(ii) 退休金福利

本集團向界定供款退休計劃作出之供款在發生時作為費用支銷。

(iii) 長期服務金

本集團根據香港《僱傭條例》在若干情況下終止聘用員工而支付之長期服務金所衍生之負債淨額，是指僱員現時及過去的服務所賺取的未來福利。此負債額是以預計單位信貸法計算，並會計算貼現值，並扣除本集團退休計劃下本集團供款所佔的應計權益。貼現率為到期日與本集團負債期相若之優質企業債券於結算日的孳息率。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(j) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated company, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 26 to the accounts, the retained earnings at 1 April 2002 and 2003 have been reduced by HK\$3,275,000 and HK\$4,510,000, respectively, while the fixed assets revaluation reserve as at 1 April 2002 and 2003 have been reduced by HK\$1,569,000 and HK\$1,689,000, respectively. The change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31 March 2003 by HK\$1,354,000 and HK\$7,553,000, respectively. The profit attributable to shareholders and fixed assets revaluation reserve for the year ended 31 March 2003 have been reduced by HK\$1,235,000 and HK\$120,000, respectively.

1. 主要會計政策 (續)

(j) 遞延稅項

遞延稅項採用負債法就資產負債之稅基與它們在帳目之帳面值兩者之短暫時差作全數準備。遞延稅項採用在結算日前已頒佈或實質頒佈之稅率釐定。

遞延稅項資產乃就有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

遞延稅項乃就投資於附屬公司及聯營公司之短暫時差而準備，但假若可以控制時差之撥回，並有可能在可預見未來不會撥回則除外。

往年度，遞延稅項乃因應就課稅而計算之溢利與帳目所示之溢利二者間之時差，根據預期於可預見將來支付或可收回之負債及資產而按現行稅率計算。採納新訂之會計準則第12號構成會計政策之變動並已追溯應用，故比較數字已重列以符合經修訂之政策。

如帳目附註26所詳述，二零零二年及二零零三年四月一日之期初保留溢利已分別減少3,275,000港元及4,510,000港元，而於二零零二年及二零零三年四月一日之固定資產重估儲備分別減少1,569,000港元及1,689,000港元。是項調整導致二零零三年三月三十一日之遞延稅項資產及遞延稅項負債分別增加1,354,000港元及7,553,000港元。截至二零零三年三月三十一日止年度之股東應佔溢利及固定資產重估儲備分別減少1,235,000港元及120,000港元。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(k) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(l) Turnover and revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Operating lease rental income is recognised on a straight-line basis.

Revenue from the provision of management service is recognised when the service is rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Advance payments received from customers prior to delivery of goods are recorded as receipts in advance.

1. 主要會計政策 (續)

(k) 或然負債及或然資產

或然負債指因已發生之事件而可能引起之責任，此等責任需就某一宗或多宗事件會否發生才能確認，而本集團並不能完全控制這些未來事件會否實現。或然負債亦可能是因已發生之事件引致之現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地衡量而未有入帳。或然負債不會被確認，但會在帳目附註中披露。假若消耗資源之可能性改變導致可能出現資源消耗，此等負債將被確立為準備。

或然資產指因已發生之事件而可能產生之資產，此等資產需就某一宗或多宗事件會否發生才能確認，而本集團並不能完全控制這些未來事件會否實現。或然資產不會被確認，但會於可能收到經濟效益時在帳目附註中披露。若實質確定有收到經濟效益時，此等效益才被確立為資產。

(l) 營業額及收入確認

銷貨收益在擁有權之風險及回報轉移時確認，通常亦即為貨品付運予客戶及所有權轉讓時。

經營租賃之租金收入按直線法確認。

管理服務收益在提供服務時確認。

利息收入依據未償還本金額及適用利率按時間比例確認。

於出貨前預收客戶之款項被記錄為預收帳款。

Notes to the Accounts 帳目附註

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(n) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to intangible assets and fixed assets.

In respect of geographical segment reporting, sales are based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

1. 主要會計政策 (續)

(m) 借貸成本

凡直接與購置、興建或生產某項資產(該資產必須經過頗長時間籌備以作預定用途或出售)有關之借貸成本，均資本化為資產之部分成本。所有其他借貸成本均於發生年度內在損益表支銷。

(n) 分部報告

按照本集團之內部財務報告，本集團已決定將業務分部資料作為主要分部報告形式，而地區分佈資料則作為次要報告形式呈列。

未分配成本指本集團整體性開支。分部資產主要包括固定資產、存貨、應收款項及經營現金。分部負債指經營負債，而不包括例如稅項及若干集團整體性之借款等項目。資本性開支包括購入無形資產及固定資產之費用。

至於地區分部報告，銷售額乃按照客戶所在國家計算。總資產及資本性開支按資產所在地計算。

Notes to the Accounts 帳目附註

2. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Significant transactions with related parties are summarised below:

2. 關連人士交易

關連人士乃該等有能力直接或間接控制另一方或於作出財務及營運決定時行使重大影響力的人士。倘該等人士受同一人士之控制或同一人士之重大影響，亦被視為關連人士。

(a) 與關連人士之重大交易之摘要如下：

| | | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|---|------------|----------------------------------|----------------------------------|
| | | Note 附註 | | |
| Rental income earned from Kar-Info Company Limited, which is beneficially owned and controlled by the family of Mr. Ho Cheuk Fai, a director of the Company | 向嘉訊通有限公司(該公司由本公司董事何焯輝先生家族實益擁有及控制)收取租金收入 | (i) | 157 | 202 |
| Rental charged by Kings Lion Development Limited, which is beneficially owned and controlled by the family of Mr. Ho Cheuk Fai, a director of the Company | 支付租金予勁獅發展有限公司(該公司由本公司董事何焯輝先生家族實益擁有及控制) | (i) | 1,269 | 1,266 |
| Management service income earned from an associated company | 向聯營公司收取管理費收入 | (i) | 1,373 | - |
| Sales to an associated company | 銷售予聯營公司 | (ii) | 551 | - |

Notes to the Accounts 帳目附註

2. RELATED PARTY TRANSACTIONS (Cont'd)

(a) (Cont'd)

Notes:

- (i) In the opinion of the Company's Directors and the Group's management, these related party transactions were conducted in the normal course of business of the Group and in accordance with the terms of the agreements.
- (ii) In the opinion of the Company's Directors and the Group's management, sales to an associated company were conducted in the normal course of businesses and at prices and terms mutually agreed by the respective parties.
- (b) Details of amounts due from related companies (included in trade receivables) are as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--------------------------------|----------|--|----------------------------------|
| Kar-Info Company Limited | 嘉訊通有限公司 | 190 | 204 |
| Kings Lion Development Limited | 勁獅發展有限公司 | - | 134 |
| | | 190 | 338 |

Details of amount due to a related company is as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--|---|--|----------------------------------|
| Castford Industrial Company Limited, which is beneficially owned and controlled by the family of Mr. Ho Cheuk Fai, a director of the Company | Castford Industrial Company Limited (該公司由本公司董事何焯輝先生家族實益擁有及控制) | - | 273 |

The outstanding balances with related companies are unsecured, non-interest bearing and without pre-determined repayment terms.

2. 關連人士交易 (續)

(a) (續)

附註：

- (i) 本公司董事及本集團管理層認為上述之關連人士交易均於本集團日常業務過程中以正常商業條款進行及本集團與有關人士各自商議之條款執行。
- (ii) 本公司董事及本集團管理層認為向聯營公司銷售貨品是於正常業務範圍內及依據各個人士互相同意之價格及條款進行。
- (b) 包括於貿易應收帳中之應收關連公司款項之詳情如下：

應付關連公司款項之詳情如下：

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--|---|--|----------------------------------|
| Castford Industrial Company Limited, which is beneficially owned and controlled by the family of Mr. Ho Cheuk Fai, a director of the Company | Castford Industrial Company Limited (該公司由本公司董事何焯輝先生家族實益擁有及控制) | - | 273 |

該些關連公司尚未償還之款項為無抵押，不計利息及無固定還款期。

Notes to the Accounts 帳目附註

3. TURNOVER AND REVENUE

Analysis of turnover and revenue is as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--|----------|----------------------------------|----------------------------------|
| Sales revenue | 銷售收入 | | |
| Metal and plastic business | 五金塑膠業務 | 963,002 | 843,623 |
| Electronic manufacturing services business | 電子專業代工業務 | 729,958 | 894,356 |
| Turnover | 營業額 | 1,692,960 | 1,737,979 |
| Rental income | 租金收入 | 3,592 | 5,789 |
| Management service income | 管理費收入 | 1,373 | – |
| Interest income | 利息收入 | 1,620 | 3,101 |
| Total revenue | 總收入 | 1,699,545 | 1,746,869 |

During the year ended 31 March 2004, approximately 74% (2003: 80%) of the Group's turnover was related to sales made to its five largest customers.

3. 營業額及收入

營業額及收入之分析如下：

於二零零四年三月三十一日止年度內五大客戶之銷售佔本集團之營業額約74% (二零零三年：80%)。

Notes to the Accounts 帳目附註

4. OPERATING PROFIT

Operating profit is determined after charging or crediting the following items:

4. 經營溢利

經營溢利已扣除及計入下列各項：

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--|-----------------------|----------------------------------|----------------------------------|
| Charging: – | 已扣除：— | | |
| Depreciation of fixed assets | 固定資產折舊 | | |
| – owned assets | – 自置資產 | 28,738 | 24,981 |
| – assets held under finance leases | – 以融資租賃持有之資產 | 5,752 | 7,074 |
| | | 34,490 | 32,055 |
| Provision for obsolete and slow-moving inventories | 陳舊及滯銷存貨準備 | 483 | 1,157 |
| Staff costs (including directors' emoluments) (Note 6) | 員工成本 (包括董事酬金)(附註6) | 133,954 | 131,849 |
| Operating lease rental of premises | 租用物業之經營租賃租金 | 9,843 | 9,787 |
| Net exchange loss | 匯兌虧損淨額 | 604 | 1,316 |
| Auditors' remuneration | 核數師酬金 | 931 | 898 |
| Crediting: – | 已計入：— | | |
| Interest income on bank deposits | 銀行存款之利息收入 | 1,620 | 3,101 |
| Net gain on disposal of fixed assets | 出售固定資產收益淨額 | 196 | 473 |

Notes to the Accounts 帳目附註

5. FINANCE COSTS

5. 財務成本

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|----------------------------------|------------|----------------------------------|----------------------------------|
| Interest on | 利息 | | |
| – bank loans and overdrafts | – 銀行貸款及透支 | 5,728 | 9,274 |
| – finance leases | – 融資租賃 | 293 | 803 |
| – factoring of trade receivables | – 貿易應收帳款讓售 | 1 | 274 |
| – others | – 其他 | 123 | 50 |
| | | 6,145 | 10,401 |

6. STAFF COSTS

6. 員工成本

Staff costs, including directors' emoluments, consisted of:

員工成本包括董事酬金之組成：

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|--------------------|----------------------------------|----------------------------------|
| Wages and salaries | 薪酬工資 | 132,147 | 128,000 |
| Pension costs – defined contribution plans | 退休成本 – 界定供款計劃 | 2,488 | 2,699 |
| (Write-back of)/provision for long service payments (Note 22) | 長期服務金(撥回)/準備(附註22) | (681) | 1,150 |
| | | 133,954 | 131,849 |

Notes to the Accounts 帳目附註

7. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Details of emoluments paid/payable to directors of the Company are as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--|------------|----------------------------------|----------------------------------|
| Fees for executive directors | 執行董事袍金 | - | - |
| Fees for independent non-executive directors | 獨立非執行董事袍金 | 330 | 200 |
| Other emoluments for executive directors | 執行董事之其他酬金 | | |
| – Basic salaries and allowances | – 基本薪金及津貼 | 7,863 | 7,723 |
| – Discretionary bonus | – 酌情發放之花紅 | 6,163 | 8,417 |
| – Pension scheme contributions | – 退休金計劃之供款 | 60 | 60 |
| | | 14,416 | 16,400 |

During the year ended 31 March 2004, certain directors exercised share options, which were granted between June 1999 and November 2002, to acquire 10,080,000 ordinary shares of the Company at exercise prices ranging from HK\$0.3 to HK\$1.65 per share. The market prices of the shares at the dates of exercising these options ranged from HK\$1.68 to HK\$2.85 per share. The difference between the exercise prices and the market prices arising from the exercise of the above share options amounting to approximately HK\$20,379,000 has not been reflected in the above analysis and the band analysis below.

No directors waived any emoluments during the year (2003: Nil). No incentive payment for joining the Group or compensation for loss of office was paid/payable to any director during the year (2003: Nil).

7. 董事及高級行政人員酬金

(a) 本公司已付／應付董事酬金之詳情如下：

於二零零四年三月三十一日止年度內，若干董事行使於一九九九年六月至二零零二年十一月授出之購股權，以行使價每股由0.3港元至1.65港元購得10,080,000本公司之普通股，而行使購股權日之每股市價由1.68港元至2.85港元之間。由於行使以上購股權而產生之行使價與市價之相差約20,379,000港元，並未反映在以上分析及下列組別分析。

本年度沒有董事放棄酬金(二零零三年：無)，亦沒有已付／應付款項給予任何董事以吸引其加盟本集團或失去職位之補償(二零零三年：無)。

Notes to the Accounts 帳目附註

7. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Cont'd)

(a) Analysis of directors' emoluments by number of directors and emolument ranges is as follows:

| | | 2004 二零零四年 | 2003 二零零三年 |
|-------------------------------------|----------------------------|---------------|---------------|
| Executive directors | 執行董事 | | |
| – Nil to HK\$1,000,000 | – 0港元至1,000,000港元 | 1 | 1 |
| – HK\$1,000,001 to HK\$1,500,000 | – 1,000,001港元至1,500,000港元 | 1 | 1 |
| – HK\$1,500,001 to HK\$2,000,000 | – 1,500,001港元至2,000,000港元 | 1 | 1 |
| – HK\$2,000,001 to HK\$2,500,000 | – 2,000,001港元至2,500,000港元 | 1 | 1 |
| – HK\$8,000,001 to HK\$8,500,000 | – 8,000,001港元至8,500,000港元 | 1 | – |
| – HK\$9,500,001 to HK\$10,000,000 | – 9,500,001港元至10,000,000港元 | – | 1 |
| Independent non-executive directors | 獨立非執行董事 | | |
| – Nil to HK\$1,000,000 | – 0港元至1,000,000港元 | 3 | 3 |
| | | 8 | 8 |

(b) The five individuals whose emoluments were the highest in the Group for the year include four (2003: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2003: one) individual are as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|-------------------------------|----------|----------------------------------|----------------------------------|
| Basic salaries and allowances | 基本薪金及津貼 | 797 | 922 |
| Discretionary bonus | 酌情發放之花紅 | 667 | 185 |
| Pension scheme contributions | 退休金計劃之供款 | 12 | 12 |
| | | 1,476 | 1,119 |

7. 董事及高級行政人員酬金 (續)

(a) 按董事人數及酬金級別劃分之董事酬金之分析如下：

(b) 本年度集團內五名最高薪酬人士包括四名(二零零三年：四名)董事，其酬金已載於上文分析。其餘一名(二零零三年：一名)最高薪人士之應付酬金如下：

Notes to the Accounts 帳目附註

7. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Cont'd)

(b) The emoluments fell within the following band:

| | | 2004 二零零四年 | 2003 二零零三年 |
|--------------------------------|-------------------------|---------------|---------------|
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 1 | 1 |

No emolument was paid to the five highest paid individuals (including directors and other employees) as compensation for loss of office during the year (2003: Nil).

8. TAXATION

The amount of taxation charged to the consolidated profit and loss account represents:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|----------------------|----------------------------------|----------------------------------|
| Current taxation: Hong Kong profits tax | 現行稅項：香港利得稅 | | |
| – current year | – 本年度 | 9,424 | 11,166 |
| – (over)/under-provision in prior years | – 往年之(超額)/不足準備 | (554) | 1,989 |
| Deferred taxation relating to the origination and reversal of temporary differences (Note 23) | 遞延稅項暫時差異之產生及轉回(附註23) | (694) | 111 |
| | | 8,176 | 13,266 |

7. 董事及高級行政人員酬金 (續)

(b) 該等酬金歸入以下組別：

五名最高薪人士(包括董事及其他員工)於本年度並無獲付任何酬金作為失去職位之補償(二零零三年：無)。

8. 稅項

在綜合損益表支銷之稅項如下：

Notes to the Accounts 帳目附註

8. TAXATION (Cont'd)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate in Hong Kong, the Group's home country, as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|------------------------------|----------------------------------|----------------------------------|
| Profit before taxation | 除稅前溢利 | 98,616 | 133,074 |
| Calculated at a taxation rate of 17.5% (2003: 16%) | 按稅率17.5%之計算 (二零零三年: 16%) | 17,258 | 21,292 |
| Tax effect of | 稅項影響 | | |
| – income not subject to taxation | – 無須課稅之收入 | (17,579) | (14,635) |
| – expenses not deductible for taxation purposes | – 不可扣稅 之支出 | 9,051 | 3,828 |
| (Over)/under-provision in prior years | 往年之(超額)/不足準備 | (554) | 1,989 |
| Increase in opening net deferred tax liabilities resulting from an increase in tax rate | 稅率提高產生之期初 遞延稅項負債 淨額之增加 | – | 792 |
| Taxation charge | 稅項支出 | 8,176 | 13,266 |

The Company is exempted from Bermuda taxation until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year.

Dongguan Yanxun Electronics Company Limited, a subsidiary established and operating in Mainland China, is subject to Mainland China enterprise income tax at the rate of 33% (30% state income tax and 3% local income tax). However, it is exempted from Mainland China enterprise income tax and local income tax for two years starting from the first year of profitable operations, after offsetting prior years' losses, followed by a 50% reduction for the following three years. No Mainland China enterprise income tax has been provided since Dongguan Yanxun Electronics Company Limited is in a tax loss position.

8. 稅項 (續)

本集團有關除稅前溢利之稅項與假若採用本公司本土國家之稅率而計算之理論稅額之差額如下：

本公司獲豁免百慕達稅項，直至二零一六年為止。香港利得稅乃根據本年之估計應課稅溢利按17.5% (二零零三年: 16%) 之稅率計提準備。

東莞雁訊電子有限公司乃於中國成立及經營之附屬公司，須繳付33%之中國企業所得稅(30%為國家統一所得稅，而3%為地方所得稅)。惟該公司於其首個撇除以往年度虧損後之獲利年度起兩年獲全數豁免中國企業統一所得稅及地方所得稅，而隨後三年則按50%減付。該公司現仍處於稅務虧損之狀況，所以並沒有為中國企業所得稅計提準備。

Notes to the Accounts 帳目附註

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of approximately HK\$40,085,000 (2003: HK\$150,234,000) dealt with in the accounts of the Company.

10. DIVIDENDS

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|-------------------------------|---|----------------------------------|
| Interim, HK8.0 cents (2003: HK8.0 cents) per share | 中期—每股8.0港仙 (二零零三年：8.0港仙) | 32,020 | 30,468 |
| Additional final dividend for the prior year due to exercise of share options | 往年末期股息 於派息前行使購股權 而多發行股份 | 1,538 | 454 |
| Final, HK12.0 cents (2003: HK11.0 cents) per share | 末期—每股12.0港仙 (二零零三年：11.0港仙) | 48,091 | 41,964 |
| Special, Nil (2003: HK5.0 cents) per share | 特別股息—無 (二零零三年：每股5.0港仙) | — | 19,075 |
| | | 81,649 | 91,961 |

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2004 is based on the consolidated profit attributable to shareholders of approximately HK\$90,440,000 (2003: HK\$119,808,000) and on the weighted average number of approximately 392,753,000 shares (2003: 379,371,000 shares) in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2004 is based on the consolidated profit attributable to shareholders of approximately HK\$90,440,000 (2003: HK\$119,808,000) and on the weighted average number of 408,340,000 shares (2003: 393,533,000 shares) in issue, after adjusting for the potential dilutive effect in respect of outstanding share options.

9. 股東應佔溢利

綜合股東應佔溢利中包括一筆已撥入本公司帳目之溢利約40,085,000港元(二零零三年：150,234,000港元)。

10. 股息

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|-------------------------------|---|----------------------------------|
| Interim, HK8.0 cents (2003: HK8.0 cents) per share | 中期—每股8.0港仙 (二零零三年：8.0港仙) | 32,020 | 30,468 |
| Additional final dividend for the prior year due to exercise of share options | 往年末期股息 於派息前行使購股權 而多發行股份 | 1,538 | 454 |
| Final, HK12.0 cents (2003: HK11.0 cents) per share | 末期—每股12.0港仙 (二零零三年：11.0港仙) | 48,091 | 41,964 |
| Special, Nil (2003: HK5.0 cents) per share | 特別股息—無 (二零零三年：每股5.0港仙) | — | 19,075 |
| | | 81,649 | 91,961 |

11. 每股溢利

每股基本溢利乃根據截至二零零四年三月三十一日止之綜合股東應佔溢利約90,440,000港元(二零零三年：119,808,000港元)及本年度內已發行股份之加權平均數約392,753,000股(二零零三年：379,371,000股)計算。

每股攤薄溢利乃根據截至二零零四年三月三十一日止之綜合股東應佔溢利約90,440,000港元(二零零三年：119,808,000港元)及已發行股份加上未行使之購股權有可能攤薄影響作出調整後之股份之加權平均股數約408,340,000股(二零零三年：393,533,000股)計算。

Notes to the Accounts 帳目附註

12. FIXED ASSETS

(a) Movements were:

12. 固定資產

(a) 變動：

| Cost/valuation | 成本/估值 | Consolidated 綜合 | | | | | Furniture and computer equipment 傢俬及 電腦設備 | Total 總計 |
|--|------------------|--------------------------------|--------------------------------------|---|-----------------|--------------------------------|--|-----------------|
| | | Land and buildings 土地及樓宇 | Construction- in-progress 在建工程 | Leasehold improvements and fixtures 物業裝修 | Machinery 機器 | Moulds and tooling 模具及工具 | | |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| At 1 April 2003 | 二零零三年四月一日 | 132,029 | - | 40,229 | 253,619 | 19,040 | 34,717 | 479,634 |
| Additions | 添置 | 636 | 7,137 | 6,058 | 40,440 | 604 | 3,967 | 58,842 |
| Disposals | 出售 | - | - | (34) | (8,248) | (135) | (1,185) | (9,602) |
| At 31 March 2004 | 二零零四年 三月三十一日 | 132,665 | 7,137 | 46,253 | 285,811 | 19,509 | 37,499 | 528,874 |
| Representing: - | 代表: - | | | | | | | |
| At cost | 成本 | 7,515 | 7,137 | 46,253 | 285,811 | 19,509 | 37,499 | 403,724 |
| At professional valuation in March 2002 | 二零零二年三月 之專業估值 | 125,150 | - | - | - | - | - | 125,150 |
| | | 132,665 | 7,137 | 46,253 | 285,811 | 19,509 | 37,499 | 528,874 |
| Accumulated depreciation | 累積折舊 | | | | | | | |
| At 1 April 2003 | 二零零三年四月一日 | 3,187 | - | 14,636 | 185,937 | 16,528 | 30,151 | 250,439 |
| Provision for the year | 本年度折舊 | 3,207 | - | 4,143 | 22,615 | 980 | 3,545 | 34,490 |
| Disposals | 出售 | - | - | (3) | (6,210) | (135) | (1,171) | (7,519) |
| At 31 March 2004 | 二零零四年 三月三十一日 | 6,394 | - | 18,776 | 202,342 | 17,373 | 32,525 | 277,410 |
| Net book value | 帳面淨值 | | | | | | | |
| At 31 March 2004 | 二零零四年 三月三十一日 | 126,271 | 7,137 | 27,477 | 83,469 | 2,136 | 4,974 | 251,464 |
| At 31 March 2003 | 二零零三年 三月三十一日 | 128,842 | - | 25,593 | 67,682 | 2,512 | 4,566 | 229,195 |

Notes to the Accounts 帳目附註

12. FIXED ASSETS (Cont'd)

(b) Land and buildings:

The geographical location and tenure of title of land and buildings are analysed as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|----------------------|--------|----------------------------------|----------------------------------|
| Hong Kong | 香港 | | |
| – medium-term leases | – 中期租約 | 8,140 | 8,395 |
| Mainland China | 中國 | | |
| – medium-term leases | – 中期租約 | 118,131 | 120,447 |
| | | 126,271 | 128,842 |

Land and buildings located in Hong Kong are held under medium-term leases expiring in June 2047. Land and buildings located in Mainland China are held under land use rights of 45 to 50 years expiring in April 2043 to October 2046.

Land and buildings with a net book value of approximately HK\$119,144,000 (2003: HK\$122,123,000) were stated at open market value on 31 March 2002 as determined by FPD Savills, independent qualified valuers. Had those land and buildings been carried at cost less accumulated depreciation, their net book value as at 31 March 2004 would have been approximately HK\$90,552,000 (2003: HK\$92,925,000).

Certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$16,825,000 (2003: HK\$17,225,000) are mortgaged as collateral for the Group's banking facilities (Note 31).

12. 固定資產 (續)

(b) 土地及樓宇：

土地及樓宇之地區及使用權限分析如下：

在香港之土地及樓宇乃根據至二零四七年六月約滿之中期租約而持有。在中國之土地及樓宇乃根據為期四十五至五十年(即延至二零四三年四月止及二零四六年十月止)之土地使用權而持有。

帳面淨值約119,144,000港元(二零零三年：122,123,000港元)之土地及樓宇以合資格獨立估值師—第一太平戴維斯於二零零二年三月三十一日所確定之公開市值列帳。假若該些土地及樓宇乃按成本值扣除累積折舊入帳，該些土地及樓宇於二零零四年三月三十一日之淨值約90,552,000港元(二零零三年：92,925,000港元)。

本集團位於中國之若干土地及樓宇帳面淨值約16,825,000港元(二零零三年：17,225,000港元)已按契予銀行作為融資之抵押(附註31)。

Notes to the Accounts 帳目附註

12. FIXED ASSETS (Cont'd)**(c) Machinery:**

Certain machinery included in Note 12(a) above is held under finance leases. Details of these assets are as follows:

| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|--------------------------------|--------|--|----------------------------------|
| Cost | 成本 | 38,348 | 50,922 |
| Less: accumulated depreciation | 減：累積折舊 | (26,090) | (26,248) |
| Net book value | 帳面淨值 | 12,258 | 24,674 |
| Depreciation for the year | 本年度折舊 | 5,752 | 7,074 |

13. INVESTMENT IN SUBSIDIARIES**12. 固定資產 (續)****(c) 機器：**

若干包括在附註12(a)之機器乃按融資租賃購入。該等資產之詳情如下：

13. 於附屬公司之投資

| | | Company 本公司 | |
|--|----------------|--|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Unlisted shares, at cost | 非上市股份之成本值 | 193,285 | 193,285 |
| Due from subsidiaries | 應收附屬公司款項 | 197,416 | 230,381 |
| | | 390,701 | 423,666 |
| Less: Provision for impairment of investment in a subsidiary | 減：於附屬公司之投資減值準備 | (10,000) | - |
| | | 380,701 | 423,666 |

The outstanding balances with subsidiaries are unsecured, non-interest bearing and not repayable within one year.

附屬公司之尚未償還款項並無抵押，不計利息，並於一年內不用償還。

Notes to the Accounts 帳目附註

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are:

13. 於附屬公司之投資 (續)

附屬公司之詳情：

| Name | Place of incorporation/ operations | Issued and fully paid share capital | Percentage of equity interest attributable to the Group (i) 本集團所持股本權益百分比 (i) | Principal activities |
|---|---------------------------------------|--|---|---|
| 名稱 | 註冊成立/ 經營地點 | 已發行及已繳足股本 | | 主要業務 |
| Karrie International (B.V.I.) Limited | The British Virgin Islands 英屬處女群島 | Ordinary US\$100 普通股100美元 | 100% | Investment holding 投資控股 |
| Castfast Industrial Company Limited 嘉輝塑膠五金有限公司 | Hong Kong 香港 | Ordinary HK\$100 普通股100港元 Non-voting deferred (ii) HK\$990,200 無投票權遞延股 (ii) 990,200港元 | 100% — | Plastic injection moulding operations 塑膠注模 |
| Castfast Industrial (Yan Tien) Limited 雁田嘉輝塑膠五金廠有限公司 | Hong Kong/ Mainland China 香港/中國 | Ordinary HK\$100 普通股100港元 Non-voting deferred (ii) HK\$10,000 無投票權遞延股 (ii) 10,000港元 | 100% — | Manufacture of computer casings, office automation products, video cassette housings, moulds and plastic and metal parts; provision of electronic manufacturing services, property holding and investment holding 製造電腦外殼、辦公室文儀產品、錄影帶外殼、模具及塑膠與金屬部件；提供電子專業代工服務；持有物業及投資控股 |

Notes to the Accounts 帳目附註

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

13. 於附屬公司之投資 (續)

| Name | Place of incorporation/ operations | Issued and fully paid share capital | Percentage of equity interest attributable to the Group (i) 本集團所持股本權益百分比 (i) | Principal activities |
|---|---------------------------------------|--|---|--|
| 名稱 | 註冊成立/ 經營地點 | 已發行及已繳足股本 | | 主要業務 |
| Castfast Magnetics Moulding Limited 嘉輝磁電工模廠有限公司 | Hong Kong 香港 | Ordinary HK\$10 普通股10港元 Non-voting deferred (ii) HK\$30,000 無投票權遞延股 (ii) 30,000港元 | 100% - | Manufacture of plastic injection moulds and metal stamping dies 製造注塑模具及金屬沖壓模具 |
| Dongguan Yanxun Electronics Company Limited (iii) 東莞雁訊電子有限公司 (iii) | Mainland China 中國 | Registered capital HK\$4,500,000 註冊資本 4,500,000港元 | 85% | Manufacture of computer casings, video cassette housings, office automation products and plastic and metal parts 製造電腦外殼、錄影帶外殼、辦公室文儀產品及塑膠與金屬部件 |
| Hong Kong Hung Hing Metal Manufacturing Company Limited 香港雄興金屬製品有限公司 | Hong Kong 香港 | Ordinary HK\$100 普通股100港元 Non-voting deferred (ii) HK\$250,000 無投票權遞延股 (ii) 250,000港元 | 100% - | Manufacture and sale of metal parts; and design of switching power supplies 製造及銷售金屬部件及設計電源開關 |

Notes to the Accounts 帳目附註

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

13. 於附屬公司之投資 (續)

| Name | Place of incorporation/ operations | Issued and fully paid share capital | Percentage of equity interest attributable to the Group (i) | Principal activities |
|---|---------------------------------------|--|---|---|
| 名稱 | 註冊成立/ 經營地點 | 已發行及已繳足股本 | 本集團所持股本權益百分比 (i) | 主要業務 |
| Karrie Industrial Company Limited 嘉利產品有限公司 | Hong Kong 香港 | Ordinary HK\$1,000 普通股1,000港元 Non-voting deferred (ii) HK\$5,000,000 無投票權遞延股 (ii) 5,000,000港元 | 100% — | Manufacture and sale of video cassette housings, sale of computer casings and office automation products, plastic and metal parts, metal stamping dies, plastic injection moulds and provision of electronic manufacturing services 製造及銷售錄影帶外殼； 銷售電腦外殼、 辦公室文儀產品、 塑膠及金屬部件、 金屬沖壓模具、 塑膠注模及提供電子 專業代工服務 |
| Karpo Technologies Limited 嘉寶科技有限公司 | Hong Kong 香港 | Ordinary HK\$1,000 普通股1,000港元 Non-voting deferred (ii) HK\$1,000,000 無投票權遞延股 (ii) 1,000,000港元 | 100% — | Inactive 暫無營業 |
| Karrie Industrial Holdings Limited | Hong Kong 香港 | Ordinary HK\$10 普通股10港元 Non-voting deferred (ii) HK\$2 無投票權遞延股 (ii) 2港元 | 100% — | Inactive 暫無營業 |

Notes to the Accounts 帳目附註

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

13. 於附屬公司之投資 (續)

| Name | Place of incorporation/ operations | Issued and fully paid share capital | Percentage of equity interest attributable to the Group (i) | Principal activities |
|---|---------------------------------------|--|---|---|
| 名稱 | 註冊成立/ 經營地點 | 已發行及已繳足股本 | 本集團所持股本權益百分比 (i) | 主要業務 |
| Karrie (Video) Industrial Company Limited 嘉利工業有限公司 | Hong Kong 香港 | Ordinary HK\$1,000 普通股1,000港元 Non-voting deferred (ii) HK\$1,000,000 無投票權遞延股 (ii) 1,000,000港元 | 100% — | Inactive 暫無營業 |
| Karwin Engineering Company Limited 嘉運機械工程有限公司 | Hong Kong 香港 | Ordinary HK\$10 普通股10港元 Non-voting deferred (ii) HK\$100 無投票權遞延股 (ii) 100港元 | 100% — | Design, manufacture and sale of computer casings, office automation products; manufacture and sale of plastic and metal parts, metal stamping dies, plastic injection moulds and provision of electronic manufacturing services 設計、製造及銷售電腦外殼及辦公室文儀產品；製造及銷售塑膠及金屬部件、金屬沖壓模具、塑膠注模及提供電子專業代工服務 |
| Karwin Technologies Incorporation | The United States of America 美國 | Ordinary US\$100 普通股100美元 | 100% | Provision of consultancy services to group companies 提供顧問服務予本集團公司 |

Notes to the Accounts 帳目附註

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

13. 於附屬公司之投資 (續)

| Name | Place of incorporation/ operations | Issued and fully paid share capital | Percentage of equity interest attributable to the Group (i) 本集團所持股本權益百分比 (i) | Principal activities |
|---|---------------------------------------|--|---|--|
| 名稱 | 註冊成立/ 經營地點 | 已發行及已繳足股本 | | 主要業務 |
| Kings Horse Investment Limited 勁馬投資有限公司 | Hong Kong 香港 | Ordinary HK\$10 普通股10港元 Non-voting deferred (ii) HK\$10,000 無投票權遞延股 (ii) 10,000港元 | 100% — | Property holding 持有物業 |
| Kwong Hing Computer Metallic Components Limited 廣興電腦金屬配件有限公司 | Hong Kong 香港 | Ordinary HK\$100 普通股100港元 Non-voting deferred (ii) HK\$1,250,010 無投票權遞延股 (ii) 1,250,010港元 | 100% — | Inactive 暫無營業 |
| Karrie Technologies Company Limited 嘉利環球科技有限公司 | Hong Kong 香港 | Ordinary HK\$30,000,000 普通股 30,000,000港元 | 100% | Provision of electronic manufacturing services 提供電子專業代工服務 |
| Kings Dragon Investment (HK) Limited 勁龍投資香港有限公司 | Hong Kong 香港 | Ordinary HK\$2 普通股2港元 | 100% | Investment 投資 |
| Karrie Logistics Company Limited 嘉利物流有限公司 | Hong Kong 香港 | Ordinary HK\$2 普通股2港元 | 100% | Inactive 暫無營業 |

Notes to the Accounts 帳目附註

13. INVESTMENT IN SUBSIDIARIES (Cont'd)

Notes:

- (i) The shares of Karrie International (B.V.I.) Limited are held directly by the Company. The shares of other subsidiaries are held indirectly.
- (ii) The non-voting deferred shares are not owned by the Group. These shares have no voting rights, are not entitled to dividends, and are not entitled to distributions upon winding up unless a sum of HK\$200,000,000,000 has been distributed by the relevant companies to holders of the ordinary shares.
- (iii) Dongguan Yanxun Electronics Company Limited ("DYECL") is a co-operative joint venture established in Mainland China with an operating period of 12 years up to May 2007. Pursuant to an agreement dated 24 October 1995, the Mainland China joint venture partner of DYECL (the "joint venture partner") has agreed to waive its entitlement to share in the profit of DYECL in return for a pre-determined annual fee. Upon expiry of the operating period, the Group and the joint venture partner are entitled to a distribution of assets in accordance to their respective equity interests.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31 March 2004.

14. INVESTMENT IN AN ASSOCIATED COMPANY

Share of net assets of an associated company 所佔聯營公司資產淨值
Due from the associated company 應收聯營公司

The outstanding balance with the associated company is unsecured, non-interest bearing and has no pre-determined repayment terms.

13. 於附屬公司之投資 (續)

附註：

- (i) Karrie International (B.V.I.) Limited之股份乃本公司直接持有。其他附屬公司之股份乃本公司間接持有。
- (ii) 無投票權遞延股份並非由本集團所擁有。這些股份並無投票權，亦無權分享股息。除非相關公司在清盤時向其普通股股東派發之總額超過200,000,000,000港元；否則該等股份無權分享任何分派。
- (iii) 東莞雁訊電子有限公司(「東莞雁訊」)乃於中國成立之合資企業，其合營期為十二年，於二零零七年五月屆滿。根據一份於一九九五年十月二十四日簽定之協議，東莞雁訊之中方合夥人(「中方合夥人」)同意放棄其分享東莞雁訊溢利之權益，以換取一項預定之年費。到合營期終止時，本集團與中方合夥人可獲得按各權益而分攤之資產。

於截至二零零四年三月三十一日止年度內各附屬公司均無任何已發行之借貸資本。

14. 於聯營公司之投資Consolidated
綜合

| | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Share of net assets of an associated company 所佔聯營公司資產淨值 | 4,234 | 6,000 |
| Due from the associated company 應收聯營公司 | 2,908 | - |
| | 7,142 | 6,000 |

該些聯營公司尚未償還之款項為無抵押，不計利息及無固定還款期。

Notes to the Accounts 帳目附註

14. INVESTMENT IN AN ASSOCIATED COMPANY
(Cont'd)

Details of the associated company are:

| Name | Place of incorporation/ 註冊成立/ 經營地點 | Issued and fully paid share capital 已發行 及已繳足股本 | Percentage of equity interest attributable to the Group 本集團所持 股本權益百分比 (Note) (附註) | Principal activities 主要業務 |
|---|--|---|---|--|
| NEC Nagano Karrie Electronics Limited 長野日本電氣嘉利電子有限公司 | Hong Kong 香港 | Ordinary HK\$20,000,000 普通股 20,000,000港元 | 30% | Manufacture and sale of projectors 製造及銷售投影機 |

Note:

The shares of NEC Nagano Karrie Electronics Limited are indirectly held by the Company.

15. INVENTORIES

| | | Consolidated 綜合 | |
|------------------|-------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Raw materials | 原材料 | 84,788 | 65,149 |
| Work-in-progress | 半製成品 | 24,073 | 14,397 |
| Finished goods | 已完成貨品 | 57,613 | 76,758 |
| | | 166,474 | 156,304 |

As at 31 March 2004 and 2003, all inventories were carried at net realisable value.

14. 於聯營公司之投資 (續)

聯營公司之詳情：

| Name | Place of incorporation/ 註冊成立/ 經營地點 | Issued and fully paid share capital 已發行 及已繳足股本 | Percentage of equity interest attributable to the Group 本集團所持 股本權益百分比 (Note) (附註) | Principal activities 主要業務 |
|---|--|---|---|--|
| NEC Nagano Karrie Electronics Limited 長野日本電氣嘉利電子有限公司 | Hong Kong 香港 | Ordinary HK\$20,000,000 普通股 20,000,000港元 | 30% | Manufacture and sale of projectors 製造及銷售投影機 |

附註：

長野日本電氣嘉利電子有限公司之股份乃本公司間接持有。

15. 存貨

| | | Consolidated 綜合 | |
|------------------|-------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Raw materials | 原材料 | 84,788 | 65,149 |
| Work-in-progress | 半製成品 | 24,073 | 14,397 |
| Finished goods | 已完成貨品 | 57,613 | 76,758 |
| | | 166,474 | 156,304 |

於二零零四年及二零零三年三月三十一日之所有存貨皆以變現淨值列帳。

Notes to the Accounts 帳目附註

16. TRADE RECEIVABLES

The Group generally grants credit periods ranging from 30 to 90 days. Aging analysis of trade receivables is as follows:

16. 貿易應收帳款

本集團給予客戶之數期由30日至90日。貿易應收帳帳齡分析如下：

| | | Consolidated 綜合 | |
|--|----------|--|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| 0 to 90 days | 0至90日 | 273,979 | 274,370 |
| 91 to 180 days | 91至180日 | 26,926 | 1,802 |
| 181 to 360 days | 181至360日 | 1,493 | 1,910 |
| Over 360 days | 360日以上 | 864 | 551 |
| | | 303,262 | 278,633 |
| Less: Provision for bad and doubtful debts | 減：呆壞帳準備 | (11,519) | (11,438) |
| | | 291,743 | 267,195 |

17. CASH AND BANK DEPOSITS

As at 31 March 2004, cash and bank deposits of approximately HK\$7,547,000 (2003: HK\$12,627,000) were denominated in Chinese Renminbi, which is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China.

17. 現金及銀行存款

於二零零四年三月三十一日，本集團之現金及銀行存款中有約7,547,000港元(二零零三年：12,627,000港元)以人民幣為單位，該貨幣不能於國際市場自由兌換及其兌換率由中國人民銀行決定。

Notes to the Accounts 帳目附註

18. SHORT-TERM BANK BORROWINGS

18. 短期銀行借貸

| | | Consolidated 綜合 | |
|--|-----------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Bank overdrafts | 銀行透支 | 784 | 175 |
| Trust receipts bank loans | 信託收據銀行貸款 | 44,399 | 95,218 |
| Short-term bank loans | 短期銀行貸款 | 126,321 | 106,849 |
| Current portion of long-term bank loans (Note 21) | 長期銀行貸款之即期部份 (附註21) | 22,500 | 4,000 |
| | | 194,004 | 206,242 |

19. FINANCE LEASE OBLIGATIONS

19. 融資租賃責任

The finance lease obligations were repayable as follows:

融資租賃責任之償還如下：

| | | Consolidated 綜合 | |
|--|-----------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Within one year | 一年內 | 4,000 | 6,501 |
| In the second year | 第二年 | 1,096 | 4,061 |
| In the third to fifth year | 第三年至第五年 | - | 1,099 |
| | | 5,096 | 11,661 |
| Less: Future interest portion | 減：未來利息部份 | (110) | (888) |
| Present value of finance lease obligations | 融資租賃責任之現值 | 4,986 | 10,773 |
| Analysed as: – | 分析為：– | | |
| Current | 流動 | 3,893 | 5,741 |
| Non-current | 非流動 | 1,093 | 5,032 |
| | | 4,986 | 10,773 |

Notes to the Accounts 帳目附註

19. FINANCE LEASE OBLIGATIONS (Cont'd)

The present value of finance lease obligations is as follows:

| | | Consolidated 綜合 | |
|----------------------------|---------|--|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Within one year | 一年內 | 3,893 | 5,741 |
| In the second year | 第二年 | 1,093 | 3,655 |
| In the third to fifth year | 第三年至第五年 | - | 1,377 |
| | | 4,986 | 10,773 |

20. TRADE PAYABLES**19. 融資租賃責任 (續)**

融資租賃責任之現值如下：

| | | Consolidated 綜合 | |
|-----------------|----------|--|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| 0 to 90 days | 0至90日 | 209,283 | 215,880 |
| 91 to 180 days | 91至180日 | 4,615 | 5,659 |
| 181 to 365 days | 181至365日 | 5,272 | 1,940 |
| Over 365 days | 365日以上 | 5,890 | 5,674 |
| | | 225,060 | 229,153 |

20. 貿易應付帳款

Notes to the Accounts 帳目附註

21. LONG-TERM BANK LOANS

21. 長期銀行貸款

| | | Consolidated 綜合 | |
|---|-----------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Secured bank loans repayable | 償還有抵押之銀行貸款 | | |
| – Within one year | – 一年內 | 22,500 | 4,000 |
| – In the second year | – 第二年 | 15,000 | 7,500 |
| – In the third to fifth year | – 第三年至第五年 | 37,500 | – |
| | | 75,000 | 11,500 |
| Less: Amounts due within one year included in current liabilities (Note 18) | 減：流動負債中一年內到期之金額(附註18) | (22,500) | (4,000) |
| | | 52,500 | 7,500 |

The bank loans bear interest at HIBOR plus a certain percentage as agreed with banks (2003: HIBOR plus a certain percentage as agreed with bank) and are secured by the guarantees provided by the Company and certain of its subsidiaries (Note 31).

該項銀行貸款年息以銀行同業拆息利率加與銀行協議之若干百份點(二零零三年：銀行同業拆息利率加與銀行協議之若干百份點)計算，及以本公司及其若干附屬公司作擔保(附註31)。

22. PROVISION FOR LONG SERVICE PAYMENTS

22. 長期服務金之準備

The amounts recognised in the balance sheet were determined as follows:

在資產負債表確認之金額按下列方式釐定：

| | | Consolidated 綜合 | |
|--|--------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Present value of unfunded obligations and liability in the balance sheet | 在資產負債表內未注資責任及負債之現值 | 10,142 | 11,814 |

Notes to the Accounts 帳目附註

22. PROVISION FOR LONG SERVICE PAYMENTS
(Cont'd)

Movement in the liability recognised in the balance sheet:

22. 長期服務金之準備 (續)

在資產負債表確認之負債之變動：

| | | Consolidated 綜合 | |
|---|-----------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Beginning of year | 年初 | 11,814 | 11,094 |
| (Write-back of provision)/provision in current year (Note 6) | 本年度(撥回)/ 提取準備(附註6) | (681) | 1,150 |
| Contributions paid | 已付供款 | (991) | (430) |
| End of year | 年底 | 10,142 | 11,814 |

The amounts recognised in the profit and loss account are as follows:

在損益表確認之金額如下：

| | | Consolidated 綜合 | |
|--|------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Interest cost | 利息成本 | 417 | 483 |
| Net actuarial losses recognised | 已確認之精算虧損淨額 | 1,199 | 1,512 |
| Decrease in present value of obligations | 減少責任之現值 | (2,297) | (845) |
| Total, included in staff costs (Note 6) | 合計(列於員工成本內)(附註6) | (681) | 1,150 |

Notes to the Accounts 帳目附註

22. PROVISION FOR LONG SERVICE PAYMENTS
(Cont'd)

The principal actuarial assumptions used were as follows:

| | | 2004 二零零四年 Per annum 每年 | 2003 二零零三年 Per annum 每年 |
|---|---------------|---|----------------------------------|
| Discount rate | 折讓率 | 3.75% | 4.5% |
| Credit rate on mandatory provident fund account | 強制性供積金 回報率 | 4.5% | 4.5% |
| Expected rate of future salary increases | 未來薪酬之預期增長率 | 3% | 4% |

The Group's obligations of long service payments as at 31 March 2004 and 2003 and expenses charged to the profit and loss account for the years were based on the valuation performed by Mercer Human Resource Consulting Ltd., a qualified actuary, using the projected unit credit method.

23. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2003: 17.5%).

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same tax jurisdiction. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

| | | Consolidated 綜合 | |
|--------------------------|--------|---|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Deferred tax assets | 遞延稅項資產 | (2,071) | (1,354) |
| Deferred tax liabilities | 遞延稅項負債 | 11,589 | 11,626 |
| | | 9,518 | 10,272 |

22. 長期服務金之準備 (續)

所用之主要精算假設如下：

本集團於二零零四年及二零零三年三月三十一日之長期服務金責任及該兩年度於損益表扣除之費用由合資格精算師美世人力資源顧問有限公司採用預計單位貸記法估值。

23. 遞延稅項

遞延稅項採用負債法就短暫時差按主要稅率 17.5% (二零零三年：17.5%) 作全數準備。

當有法定權利可將遞延稅項資產與遞延稅項負債抵銷，而遞延所得稅涉及同一稅務機關，則可將遞延稅項資產與遞延稅項負債互相抵銷。在計入適當抵銷後，下列金額在綜合資產負債表內列帳：

Notes to the Accounts 帳目附註

23. DEFERRED TAXATION (Cont'd)

As at 31 March 2004, the Group had unprovided deferred tax assets of approximately HK\$5,210,000 (2003: HK\$5,221,000) primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely.

The movement in deferred tax assets and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

Deferred tax liabilities:

23. 遞延稅項 (續)

於二零零四年三月三十一日，本集團仍未作準備遞延稅項資產約5,210,000港元(二零零三年：5,221,000港元)主要代表累計稅項虧損之稅項影響(須受有關稅務機關同意)，該金額可以無限期地結存。

遞延稅項資產及負債之變動(與同一徵稅地區之結餘抵銷前)如下：

遞延稅項負債：

| | | Accelerated depreciation | Revaluation of fixed assets | Total |
|--------------------------|--------------|-------------------------------------|--|--------------|
| | | 加速折舊 | 固定資產重估 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 |
| As at 31 March 2002, | 二零零二年三月三十一日， | | | |
| as previously reported | 如前呈報 | 5,197 | - | 5,197 |
| - adjustment on | - 採用會計實務準則 | | | |
| adoption of SSAP 12 | 第12號之調整 | 5,227 | 1,569 | 6,796 |
| - as restated | - 重列 | 10,424 | 1,569 | 11,993 |
| Charged to profit and | 在損益表 | | | |
| loss account | 扣除 | 229 | - | 229 |
| Charged to fixed assets | 在固定資產重估 | | | |
| revaluation reserve | 儲備扣除 | - | 120 | 120 |
| As at 31 March 2003 | 二零零三年三月三十一日 | 10,653 | 1,689 | 12,342 |
| Charged to profit and | 在損益表 | | | |
| loss account | 扣除 | 1,261 | - | 1,261 |
| Credited to fixed assets | 在固定資產重估 | | | |
| revaluation reserve | 儲備計入 | - | (60) | (60) |
| As at 31 March 2004 | 二零零四年三月三十一日 | 11,914 | 1,629 | 13,543 |

Notes to the Accounts 帳目附註

23. DEFERRED TAXATION (Cont'd)

Deferred tax assets:

| | | Provisions 準備 | Tax losses 稅損 | Others 其他 | Total 總計 |
|--|-----------------------|------------------|------------------|-----------------|-----------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| As at 31 March 2002, as previously reported | 二零零二年三月三十一日， 如前呈報 | - | - | - | - |
| - adjustment on adoption of SSAP 12 | - 採用會計實務準則 第12號之調整 | (1,501) | (231) | (220) | (1,952) |
| - as restated | - 重列 | (1,501) | (231) | (220) | (1,952) |
| (Credited)/charged to profit and loss account | 在損益表(計入)／ 扣除 | (189) | 231 | (160) | (118) |
| As at 31 March 2003 | 二零零三年三月三十一日 | (1,690) | - | (380) | (2,070) |
| (Credited)/charged to profit and loss account | 在損益表(計入)／ 扣除 | (1,551) | (448) | 44 | (1,955) |
| As at 31 March 2004 | 二零零四年三月三十一日 | (3,241) | (448) | (336) | (4,025) |

Summary of deferred tax (assets) and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

23. 遞延稅項 (續)

遞延稅項資產：

遞延稅項(資產)及負債之摘要(與同一徵稅地區之結餘抵銷前)如下：

| | | Consolidated 綜合 | |
|--------------------------|--------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Deferred tax assets | 遞延稅項資產 | (4,025) | (2,070) |
| Deferred tax liabilities | 遞延稅項負債 | 13,543 | 12,342 |
| | | 9,518 | 10,272 |

Notes to the Accounts 帳目附註

24. SHARE CAPITAL

24. 股本

| | | 2004 二零零四年 | | 2003 二零零三年 | |
|--|-------------------------|--|---|--|---|
| | | Number of shares 股份數目 '000 千 | Nominal value 面值 HK\$'000 千港元 | Number of shares 股份數目 '000 千 | Nominal value 面值 HK\$'000 千港元 |
| Authorised: | 法定股本： | | | | |
| Ordinary shares of HK\$0.1 each | 普通股每股面值 10港仙 | 800,000 | 80,000 | 800,000 | 80,000 |
| Issued and fully paid: | 已發行及已繳足股本： | | | | |
| Ordinary shares of HK\$0.1 each | 普通股每股面值 10港仙 | | | | |
| Beginning of year | 年初 | 381,496 | 38,150 | 376,936 | 37,694 |
| Issued upon exercise of share options (Note 25) | 由於行使購股權而發行 之股份(附註25) | 19,260 | 1,926 | 4,560 | 456 |
| End of year | 年底 | 400,756 | 40,076 | 381,496 | 38,150 |

25. SHARE OPTIONS

25. 購股權

With effect from May 2002, the Company has adopted a new share option scheme, under which it may grant options to employees of the Group (including executive directors of the Company) and other third parties (as stipulated in the agreement of the Share Option Agreement as dated 21 May 2002) to subscribe for shares in the Company, subject to a maximum of 30% of the nominal value of the issued share capital of the Company from time to time excluding for this purpose any shares issued on the exercise of options. The exercise price will be determined by the Company's board of directors and shall at least be the highest of (i) the closing price of the Company's shares on the date of grant of the options, (ii) an average closing price of the Company's shares for the five trading days immediately preceding the date of grant of the options, and (iii) the nominal value of the Company's shares of HK\$0.1 each. As at 31 March 2004, options have been granted to employees and directors of the Company. All options granted under the old share option scheme will continue to be valid and exercisable in accordance with the rules of the old share option scheme.

本公司於二零零二年五月採用一項新購股權計劃，可據此向本集團之員工(包括本公司之執行董事)及第三者(於二零零二年五月二十一日之購股權計劃之規定)授出購股權以便認購本公司之股份，惟最多以本公司當時已發行股本面值(不包括因行使購股權而發行之股份)30%為限。該購股權行使價將由本公司之董事會釐定，以(i)本公司股份於購股權授予日之收市價；(ii)緊接授予購股權日前五個交易日本公司股份之平均收市價；及(iii)本公司股份之面值每股10港仙，三者以較高者為準。本公司於二零零四年三月三十一日已授出購股權予本公司之員工及董事。根據舊購股權計劃之條件，所有依照舊購股權計劃所授予之購股權皆繼續有效行使。

Notes to the Accounts 帳目附註

25. SHARE OPTIONS (Cont'd)

Details of movement of share options under the old and new share option schemes during the year ended 31 March 2004 were:

25. 購股權 (續)

新舊購股權計劃之購股權於截至二零零四年三月三十一日止年度之變動詳情：

| Date of grant | Exercise period | Subscription price | Number of share options | | | | End of year |
|--------------------------------|--|--------------------|-------------------------|-------------------------|---------------------------|---|-------------|
| | | | Beginning of year | Granted during the year | Exercised during the year | Lapsed as a result of termination of employment | |
| 授出日期 | 行使期限 | 購股價格 | 年初 | 本年度已授出 | 本年度已行使 | 由於終止聘用而作廢 | 年底 |
| | | HK\$ | '000 | '000 | '000 | '000 | '000 |
| | | 港元 | 千 | 千 | 千 | 千 | 千 |
| Old share option scheme | | | | | | | |
| 舊購股權計劃 | | | | | | | |
| 19 June 1999 | 19 June 1999 to 30 November 2006 | 0.335 | 12,500 | - | (9,800) | - | 2,700 |
| 一九九九年六月十九日 | 一九九九年六月十九日至 二零零六年十一月三十日 | | | | | | |
| 20 September 2000 | 20 September 2000 to 30 November 2006 | 0.300 | 2,520 | - | (1,500) | - | 1,020 |
| 二零零零年九月二十日 | 二零零零年九月二十日至 二零零六年十一月三十日 | | | | | | |
| New share option scheme | | | | | | | |
| 新購股權計劃 | | | | | | | |
| 22 May 2002 | 22 May 2002 to 21 May 2012 | 1.300 | 7,170 | - | (5,850) | - | 1,320 |
| 二零零二年五月二十二日 | 二零零二年五月二十二日至 二零一二年五月二十一日 | | | | | | |
| 1 November 2002 | 1 January 2003 to 31 December 2012 | 1.650 | 9,950 | - | (2,110) | - | 7,840 |
| 二零零二年十一月一日 | 二零零三年一月一日至 二零一二年十二月三十一日 | | | | | | |
| 1 December 2003 | 1 January 2005 to 30 November 2013 | 2.475 | - | 12,490 | - | - | 12,490 |
| 二零零三年十二月一日 | 二零零五年一月一日至 二零一三年十一月三十日 | | | | | | |
| | | | 32,140 | 12,490 | (19,260) | - | 25,370 |

Notes to the Accounts 帳目附註

26. RESERVES

26. 儲備

| | | Share premium | Capital reserve | Capital redemption reserve | Fixed assets revaluation reserve | Retained profit | Total |
|--|--------------------------------|------------------|--------------------|----------------------------------|--|--------------------|-----------|
| | | 股份溢價 | 資本儲備 | 資本 贖回儲備 | 固定資產重 估儲備 | 保留溢利 | 合共 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Consolidated | 綜合 | | | | | | |
| As at 31 March 2002 | 二零零二年三月三十一日 | | | | | | |
| – as previously reported | – 如前呈報 | 56,843 | 5,900 | 449 | 32,233 | 219,128 | 314,553 |
| – adjustment on adoption of SSAP 12 (Note 1(j)) | – 採用會計實務準則第12號 之調整 (附註1(j)) | – | – | – | (1,569) | (3,275) | (4,844) |
| – as restated | – 重列 | 56,843 | 5,900 | 449 | 30,664 | 215,853 | 309,709 |
| Premium arising from issue of shares upon exercise of share options | 行使購股權而發行股份 所產生之溢價 | 3,080 | – | – | – | – | 3,080 |
| Profit attributable to shareholders | 股東應佔溢利 | – | – | – | – | 119,808 | 119,808 |
| Dividends paid | 已派股息 | – | – | – | – | (106,309) | (106,309) |
| Deferred tax effect on revaluation | 遞延稅項對重估之影響 | – | – | – | (120) | – | (120) |
| As at 31 March 2003 | 二零零三年三月三十一日 | 59,923 | 5,900 | 449 | 30,544 | 229,352 | 326,168 |
| Represented by: | 代表: | | | | | | |
| Proposed final and special dividends | 擬派末期及特別股息 | | | | | 61,039 | |
| Reserves | 儲備 | | | | | 168,313 | |
| As at 31 March 2003 | 二零零三年三月三十一日 | | | | | 229,352 | |
| As at 31 March 2003 | 二零零三年三月三十一日 | | | | | | |
| – as previously reported | – 如前呈報 | 59,923 | 5,900 | 449 | 32,233 | 233,862 | 332,367 |
| – adjustment on adoption of SSAP 12 (Note 1(j)) | – 採用會計實務準則第12號 之調整 (附註1(j)) | – | – | – | (1,689) | (4,510) | (6,199) |
| – As restated | – 重列 | 59,923 | 5,900 | 449 | 30,544 | 229,352 | 326,168 |
| Premium arising from issue of shares upon exercise of share options | 行使購股權而發行股份 所產生之溢價 | 12,892 | – | – | – | – | 12,892 |
| Profit attributable to shareholders | 股東應佔溢利 | – | – | – | – | 90,440 | 90,440 |
| Dividends paid | 已派股息 | – | – | – | – | (94,597) | (94,597) |
| Deferred tax effect on revaluation | 遞延稅項對重估之影響 | – | – | – | 60 | – | 60 |
| As at 31 March 2004 | 二零零四年三月三十一日 | 72,815 | 5,900 | 449 | 30,604 | 225,195 | 334,963 |
| Represented by: | 代表: | | | | | | |
| Proposed final dividend | 擬派末期股息 | | | | | 48,091 | |
| Reserves | 儲備 | | | | | 177,104 | |
| As at 31 March 2004 | 二零零四年三月三十一日 | | | | | 225,195 | |
| Representing: | 代表: | | | | | | |
| Company and subsidiaries | 本公司及附屬公司 | 72,815 | 5,900 | 449 | 30,604 | 226,961 | 336,729 |
| Associated company | 聯營公司 | – | – | – | – | (1,766) | (1,766) |
| | | 72,815 | 5,900 | 449 | 30,604 | 225,195 | 334,963 |

Notes to the Accounts 帳目附註

26. RESERVES (Cont'd)

26. 儲備 (續)

| Company | | Share premium | Capital redemption reserve | Contributed surplus | Retained profit | Total |
|---|------------------|---------------|----------------------------|---------------------|-----------------|-----------|
| | | 股份溢價 | 贖回儲備 | 繳入盈餘 | 保留溢利 | 合共 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Company | 本公司 | | | | | |
| As at 31 March 2002 | 二零零二年三月三十一日 | 56,843 | 449 | 193,185 | 78,214 | 328,691 |
| Premium arising from issue of shares upon exercise of share options | 行使購股權而發行股份所產生之溢價 | 3,080 | – | – | – | 3,080 |
| Profit attributable to shareholders | 股東應佔溢利 | – | – | – | 150,234 | 150,234 |
| Dividends paid | 已派股息 | – | – | – | (106,309) | (106,309) |
| As at 31 March 2003 | 二零零三年三月三十一日 | 59,923 | 449 | 193,185 | 122,139 | 375,696 |
| Represented by: | 代表: | | | | | |
| Proposed final and special dividends | 擬派末期及特別股息 | | | | 61,039 | |
| Reserves | 儲備 | | | | 61,100 | |
| As at 31 March 2003 | 二零零三年三月三十一日 | | | | 122,139 | |
| Premium arising from issue of shares upon exercise of share options | 行使購股權而發行股份所產生之溢價 | 12,892 | – | – | – | 12,892 |
| Profit attributable to shareholders | 股東應佔溢利 | – | – | – | 40,085 | 40,085 |
| Dividends paid | 已派股息 | – | – | – | (94,597) | (94,597) |
| As at 31 March 2004 | 二零零四年三月三十一日 | 72,815 | 449 | 193,185 | 67,627 | 334,076 |
| Represented by: | 代表: | | | | | |
| Proposed final dividend | 擬派末期股息 | | | | 48,091 | |
| Reserves | 儲備 | | | | 19,536 | |
| As at 31 March 2004 | 二零零四年三月三十一日 | | | | 67,627 | |

Under The Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

根據百慕達一九八一年公司法案(修定)，繳入盈餘可供分派予股東，但如果本公司在宣佈或支付股息或從繳入盈餘作出分派後，(i)本公司不能支付到期負債，或(ii)其資產的可變現價值將會因而少於其債項及其已發行股本以及股份溢價的合計總額，則本公司不可作出上述的宣佈、支付或分派。

Notes to the Accounts 帳目附註

27. CONSOLIDATED CASH FLOW STATEMENT

Analysis of changes in financing is as follows:

| | | Share capital and share premium | Short-term bank loans | Long-term bank loans | Finance lease obligations |
|---|-----------------------|---------------------------------------|-------------------------------|-------------------------------|---------------------------------|
| | | 股本及 股份溢價 HK\$'000 千港元 | 短期 銀行借貸 HK\$'000 千港元 | 長期 銀行借貸 HK\$'000 千港元 | 融資 租賃責任 HK\$'000 千港元 |
| As at 31 March 2002 | 二零零二年 三月三十一日 | 94,537 | 121,794 | 15,500 | 22,903 |
| Exercise of share options | 行使購股權 | 3,536 | – | – | – |
| New bank loans | 新銀行借貸 | – | 578,619 | – | – |
| Repayment of bank loans | 償還銀行借貸 | – | (498,346) | (4,000) | – |
| Repayment of capital element of finance lease obligations | 償還融資 租賃責任 之本金部份 | – | – | – | (12,130) |
| As at 31 March 2003 | 二零零三年 三月三十一日 | 98,073 | 202,067 | 11,500 | 10,773 |
| Exercise of share options | 行使購股權 | 14,818 | – | – | – |
| New bank loans | 新銀行借貸 | – | 1,092,311 | 75,000 | – |
| Repayment of bank loans | 償還銀行借貸 | – | (1,123,658) | (11,500) | – |
| Repayment of capital element of finance lease obligations | 償還融資 租賃責任 之本金部份 | – | – | – | (5,787) |
| As at 31 March 2004 | 二零零四年 三月三十一日 | 112,891 | 170,720 | 75,000 | 4,986 |

27. 綜合現金流量表

融資項目變更之分析如下：

28. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of computer casings, office automation products, video cassette housings, moulds, plastic and metal parts (together referred to as "Metal and Plastic Business") and provision of electronic manufacturing services ("EMS Business").

28. 分部資料

本集團主要從事製造及銷售電腦外殼、辦公室文儀產品、錄影帶外殼、模具、塑膠及金屬部件(統稱「五金塑膠業務」)及提供電子專業代工服務(「電子專業代工業務」)。

Notes to the Accounts 帳目附註

28. SEGMENT INFORMATION (Cont'd)

In accordance with the Group's internal financial reporting, the Group has determined that major product segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

(a) Primary segment**28. 分部資料** (續)

依據本集團之內部財務報告，本集團決定以主要產品分部為基本報告格式及以地區分部為次要報告格式呈列。

(a) 基本分部

2004
二零零四年

| | | Metal and plastic business 五金塑膠業務 HK\$'000 千港元 | Electronic manufacturing services business 電子專業 代工業務 HK\$'000 千港元 | Elimination 抵銷 HK\$'000 千港元 | Total 合共 HK\$'000 千港元 |
|--|-------------|--|--|---|---------------------------------------|
| Turnover | 營業額 | | | | |
| External | 外部 | 963,002 | 729,958 | – | 1,692,960 |
| Inter-segment | 內部 | 47,561 | – | (47,561) | – |
| Segment results | 分部業績 | 80,591 | 19,351 | – | 99,942 |
| Other revenue | 其他收入 | | | | 6,585 |
| Operating profit | 經營溢利 | | | | 106,527 |
| Share of loss of an associated company | 應佔聯營公司虧損 | – | (1,766) | | (1,766) |
| Finance costs | 財務成本 | | | | (6,145) |
| Taxation | 稅項 | | | | (8,176) |
| Profit attributable to shareholders | 股東應佔溢利 | | | | 90,440 |
| Other information | 其他資料 | | | | |
| Assets: – | 資產: – | | | | |
| Segment assets | 分部資產 | 427,360 | 277,216 | | 704,576 |
| Unallocated assets | 未分攤資產 | | | | 278,981 |
| | | | | | 983,557 |
| Liabilities: – | 負債: – | | | | |
| Segment liabilities | 分部負債 | (72,909) | (81,125) | | (154,034) |
| Unallocated liabilities | 未分攤負債 | | | | (454,060) |
| | | | | | (608,094) |
| Capital expenditures | 資本費用 | 34,415 | 24,427 | | 58,842 |
| Depreciation | 折舊 | 23,295 | 11,195 | | 34,490 |

Notes to the Accounts 帳目附註

28. SEGMENT INFORMATION (Cont'd)

(a) Primary segment (Cont'd)

28. 分部資料 (續)

(a) 基本分部 (續)

2003
二零零三年

| | | Metal and plastic business 五金塑膠 業務 HK\$'000 千港元 | Electronic manufacturing services business 電子專業 代工業務 HK\$'000 千港元 | Elimination 抵銷 HK\$'000 千港元 | Total 合共 HK\$'000 千港元 |
|--|-------------|---|--|--------------------------------------|--------------------------------|
| Turnover | 營業額 | | | | |
| External | 外部 | 843,623 | 894,356 | – | 1,737,979 |
| Inter-segment | 內部 | 75,465 | – | (75,465) | – |
| Segment results | 分部業績 | 98,190 | 36,395 | – | 134,585 |
| Other revenue | 其他收入 | | | | 8,890 |
| Operating profit | 經營溢利 | | | | 143,475 |
| Finance costs | 財務成本 | | | | (10,401) |
| Taxation | 稅項 | | | | (13,266) |
| Profit attributable to shareholders | 股東應佔 溢利 | | | | 119,808 |
| Other information | 其他資料 | | | | |
| Assets: – | 資產: – | | | | |
| Segment assets | 分部資產 | 292,385 | 194,954 | | 487,339 |
| Unallocated assets | 未分攤資產 | | | | 461,121 |
| | | | | | 948,460 |
| Liabilities: – | 負債: – | | | | |
| Segment liabilities | 分部負債 | (94,880) | (91,768) | | (186,648) |
| Unallocated liabilities | 未分攤負債 | | | | (397,070) |
| | | | | | (583,718) |
| Capital expenditures | 資本費用 | 15,218 | 9,270 | | 24,488 |
| Depreciation | 折舊 | 21,844 | 10,211 | | 32,055 |

Notes to the Accounts 帳目附註

28. SEGMENT INFORMATION (Cont'd)

(b) Secondary segment

28. 分部資料 (續)

(b) 次要分部

2004
二零零四年

| | | Japan | Asia (excluding Japan) 亞洲 (不包日本) | North America 北美洲 | Western Europe 西歐 | Total 合共 |
|----------------------|------|-----------------|--|-------------------------|-------------------------|-----------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Turnover | 營業額 | 159,727 | 781,751 | 254,981 | 496,501 | 1,692,960 |
| Segment results | 分部業績 | 12,713 | 27,512 | 22,761 | 36,956 | 99,942 |
| Assets | 資產 | - | 959,020 | 8,298 | 16,239 | 983,557 |
| Capital expenditures | 資本費用 | - | 58,842 | - | - | 58,842 |

2003
二零零三年

| | | Japan | Asia (excluding Japan) 亞洲 (不包日本) | North America 北美洲 | Western Europe 西歐 | Total 合共 |
|----------------------|------|-----------------|--|-------------------------|-------------------------|-----------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Turnover | 營業額 | 186,783 | 610,529 | 254,061 | 686,606 | 1,737,979 |
| Segment results | 分部業績 | 19,786 | 38,974 | 21,828 | 53,997 | 134,585 |
| Assets | 資產 | - | 924,277 | 6,853 | 17,330 | 948,460 |
| Capital expenditures | 資本費用 | - | 24,488 | - | - | 24,488 |

Notes to the Accounts 帳目附註

29. COMMITMENTS AND CONTINGENT LIABILITIES

The Group and the Company had the following significant commitments and contingent liabilities which were not provided in the accounts:

(a) Capital commitments

The Group had the following authorised and contracted capital commitments:

| | | Consolidated 綜合 | | Company 本公司 | |
|--|-----------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Construction of factory premises in Mainland China | 於中國興建廠房樓宇 | 3,312 | – | – | – |
| Purchase of fixed assets | 購買固定資產 | 1,091 | 14,751 | – | – |
| | | 4,403 | 14,751 | – | – |

(b) Operating lease commitments

The Group had lease commitments in respect of rented premises under various non-cancellable operating lease agreements extending to October 2047. The total commitments payable are analysed as follows:

| | | Consolidated 綜合 | | Company 本公司 | |
|---|--------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Amounts payable | 應付金額 | | | | |
| – within one year | – 一年內 | 3,770 | 2,674 | – | – |
| – more than one year but not exceeding five years | – 多過一年但不超過五年 | 3,590 | 2,171 | – | – |
| – over five years | – 五年以上 | 19,274 | 19,817 | – | – |
| | | 26,634 | 24,662 | – | – |

29. 承擔及或然負債

本集團及本公司有以下未在本帳目上計提準備之重要承擔及或然負債：

(a) 資本承擔

本集團有以下已授權及簽約之資本承擔：

(b) 經營租賃承擔

本集團有多項期限至二零四七年十月關於房地產租賃之不可撤銷之經營租賃協議。總應付承擔分析如下：

Notes to the Accounts 帳目附註

29. COMMITMENTS AND CONTINGENT LIABILITIES (Cont'd)

(c) Other commitments

Pursuant to an agreement dated 24 October 1995, the Mainland China joint venture partner of Dongguan Yanxun Electronics Company Limited ("DYECL") waived its entitlement to share in the profit of DYECL in return for a pre-determined annual fee from 1 November 1996 to 24 May 2007. As at 31 March 2004, the Group's commitment in respect of the total fee payable to the Mainland China joint venture partner amounted to approximately HK\$857,000 (2003: HK\$1,101,000).

(d) Contingent liabilities

29. 承擔及或然負債 (續)

(c) 其他承擔

根據一份於一九九五年十月二十四日簽定之協議，由一九九六年十一月一日至二零零七年五月二十四日，東莞雁訊電子有限公司(「東莞雁訊」)之中方合夥人放棄分享東莞雁訊溢利之權益，以換取一項預定之年費。於二零零四年三月三十一日，本集團就應付予東莞雁訊之合夥人之總費用承擔約857,000港元(二零零三年：1,101,000港元)。

(d) 或然負債

| | | Consolidated 綜合 | | Company 本公司 | |
|---|-------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 |
| Shipping guarantees | 船務擔保 | 3,115 | 1,753 | - | - |
| Guarantees provided by the Company in respect of banking facilities of its subsidiaries | 就若干附屬公司所獲銀行融資而提供之本公司之擔保 | - | - | 449,868 | 413,868 |
| | | 3,115 | 1,753 | 449,868 | 413,868 |

The Group's management anticipates that no material liabilities will arise from the above bank and other guarantees which are arisen in the ordinary course of business.

本集團管理層預期上述來自日常業務之銀行擔保及其他擔保不會產生重大負債。

Notes to the Accounts 帳目附註

30. RETIREMENT BENEFITS

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK\$1,000 per month and thereafter contributions are voluntary.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes approximately 10% (2003: 11%) of the basic salaries of its employees, and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$2,488,000 (2003: HK\$2,699,000).

31. BANKING FACILITIES/PLEDGE OF ASSETS

As at 31 March 2004, the Group's banking facilities were secured by:

- (i) mortgages over certain of the Group's land and buildings in Mainland China with a net book value of approximately HK\$16,825,000 (2003: HK\$17,225,000);
- (ii) certain of the Group's inventories held under trust receipts bank loan arrangements (Note 15); and
- (iii) guarantees provided by the Company and certain of its subsidiaries.

32. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 25 June 2004.

30. 退休金福利

本集團已安排香港僱員參與強制性公積金計劃(「強積金計劃」)。強積金計劃屬於定額供款計劃，由獨立授託人管理。根據強積金計劃，本集團及僱員每月均按有關僱員之盈利(定義見強制性公積金法例)5%對該計劃作出供款。僱主與僱員之每月供款以1,000港元為上限，其後之供款則屬自願性質。

根據中國法律規定，本集團須向為中國僱員而設置之國家資助退休計劃作出供款。本集團須就其中國僱員基本薪金約10%(二零零三年：11%)作出供款，而對其任何實際退休金支出或退休後福利則毋須作出任何承擔。退休僱員之所有退休金支出一概由國家資助之退休計劃承擔。

於本年度內本集團就上述退休計劃作出之供款約2,488,000港元(二零零三年：2,699,000港元)。

31. 銀行融資／資產抵押

於二零零四年三月三十一日，本集團銀行融資之抵押為：

- (i) 本集團位於中國之部份土地及樓宇帳面淨值約16,825,000港元(二零零三年：17,225,000港元)；
- (ii) 本集團根據信託收據銀行貸款而取得之若干存貨(附註15)；及
- (iii) 本公司及若干附屬公司之公司擔保。

32. 帳目通過

本帳目已於二零零四年六月二十五日由董事會通過。

Five-Year Financial Summary 五年財務摘要

The results of the Group for the last five financial years ended 31 March 2004 and the assets and liabilities of the Group as at 31 March 2000, 2001, 2002, 2003 and 2004 are as follows:

本集團截至二零零四年三月三十一日止五個財政年度之業績，及於二零零零年、二零零一年、二零零二年、二零零三年和二零零四年之資產負債如下：

Results

業績

| | | Year ended 31 March 截至三月三十一日止年度 | | | | |
|---|--------------|------------------------------------|---|---|--|--|
| | | 2004 二零零四年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 As restated 重列 | 2002 二零零二年 HK\$'000 千港元 As restated 重列 | 2001 二零零一年 HK\$'000 千港元 (Note) (附註) | 2000 二零零零年 HK\$'000 千港元 (Note) (附註) |
| Turnover | 營業額 | 1,692,960 | 1,737,979 | 1,156,262 | 892,703 | 661,887 |
| Operating profit | 經營溢利 | 106,527 | 143,475 | 94,682 | 46,413 | 33,638 |
| Share of loss of an associated company | 應佔聯營公司 虧損 | (1,766) | – | – | – | – |
| Finance costs | 財務成本 | (6,145) | (10,401) | (9,244) | (15,981) | (9,239) |
| Profit before taxation | 除稅前溢利 | 98,616 | 133,074 | 85,438 | 30,432 | 24,399 |
| Taxation | 稅項 | (8,176) | (13,266) | (7,068) | (4,064) | (3,783) |
| Profit attributable to shareholders | 股東應佔溢利 | 90,440 | 119,808 | 78,370 | 26,368 | 20,616 |

Note: In order to comply with Statement of Standard Accounting Practice No. 12 "Income Taxes" issued by the Hong Kong Society of Accountants, the Group adopted a new accounting policy for deferred taxation for the years ended 31 March 2002, 2003 and 2004. Figures as at and for each of the years ended 31 March 2000 and 2001 have not been adjusted as it is not practicable to restate the figures of earlier years for comparison purposes.

附註：為符合香港會計師公會頒佈之會計實務準則第十二號「所得稅」的規定，本集團截至二零零二年三月三十一日，二零零三年三月三十一日及二零零四年三月三十一日之年結已採納有關所得稅之新會計政策。截至二零零零年三月三十一日及二零零一年三月三十一日的數字並未調整，因重列以往年度數字以作比較並不可行。

Five-Year Financial Summary 五年財務摘要

Assets and liabilities (consolidated)

綜合資產及負債

As at 31 March

截至三月三十一日止年度

| | | 2004 | 2003 | 2002 | 2001 | 2000 |
|-------------------------------------|----------|------------------|-------------|-------------|-----------|-----------|
| | | 二零零四年 | 二零零三年 | 二零零二年 | 二零零一年 | 二零零零年 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | As restated | As restated | (Note) | (Note) |
| | | | 重列 | 重列 | (附註) | (附註) |
| Non-current assets | 非流動資產 | 260,677 | 236,549 | 237,463 | 285,632 | 276,352 |
| Current assets | 流動資產 | 722,880 | 711,911 | 567,501 | 424,625 | 313,015 |
| Current liabilities | 流動負債 | (532,770) | (547,746) | (413,073) | (315,578) | (232,184) |
| Long-term bank loans | 長期銀行貸款 | (52,500) | (7,500) | (11,500) | (15,500) | – |
| Finance lease obligations | 融資租賃責任 | (1,093) | (5,032) | (10,733) | (10,554) | (6,138) |
| Provision for long service payments | 長期服務金之準備 | (10,142) | (11,814) | (11,094) | (6,775) | (6,771) |
| Deferred tax liabilities | 遞延稅項負債 | (11,589) | (11,626) | (10,737) | (4,949) | (5,322) |
| Minority interests | 少數股東權益 | (424) | (424) | (424) | (424) | (424) |
| Net assets | 資產淨值 | 375,039 | 364,318 | 347,403 | 356,477 | 338,528 |
| Representing: | 代表： | | | | | |
| Share capital | 股本 | 40,076 | 38,150 | 37,694 | 37,374 | 36,195 |
| Reserves | 儲備 | 109,768 | 96,816 | 93,856 | 106,682 | 103,489 |
| Retained profit | 保留溢利 | 225,195 | 229,352 | 215,853 | 212,421 | 198,844 |
| Shareholders' equity | 股東權益 | 375,039 | 364,318 | 347,403 | 356,477 | 338,528 |