

The Directors have the pleasure of presenting their annual report together with the audited financial statements of Karrie International Holdings Limited ("the Company") and its subsidiaries (together with the Company, the "Group") for the year ended 31st March, 2001.

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（合稱「本集團」）截至二零零一年三月三十一日止年度之年報及經審核帳目。

PRINCIPAL ACTIVITIES

主要業務

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of computer and server casings, video cassette housings, office automation products, moulds and other plastic and metal parts.

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及伺服器外殼、錄影帶外殼、辦公室文儀產品和模具及其他塑膠及金屬部件。

The Group's turnover by principal product category and geographical location together with their respective contributions to profit from operations for the year ended 31st March, 2001 are analysed as follows:

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二零零一年三月三十一日止之分析如下：

1. By principal product category:

1. 按主要產品分析

	Turnover 營業額		Contribution to profit from operations 對經營溢利之貢獻	
	2001 二零零一年 HK\$'000 港幣千元	2000 二零零零年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元	2000 二零零零年 HK\$'000 港幣千元
— Computer and server casings	544,502	408,838	104,725	116,598
— Office automation products	236,248	129,177	49,775	28,381
— Video cassette housings	45,666	71,422	2,243	5,603
— Moulds and other plastic and metal parts	66,287	52,450	20,433	13,634
	<u>892,703</u>	<u>661,887</u>	177,176	164,216
Less: Distribution, selling, administrative expenses, and others			(133,620)	(133,517)
			<u>43,556</u>	<u>30,699</u>

2. By geographical location*:

2. 按地域*：

		Turnover 營業額		Contribution to profit from operations 對經營溢利之貢獻	
		2001 二零零一年 HK\$'000 港幣千元	2000 二零零零年 HK\$'000 港幣千元	2001 二零零一年 HK\$'000 港幣千元	2000 二零零零年 HK\$'000 港幣千元
Western Europe	西歐	320,444	232,043	95,966	68,419
Japan	日本	241,258	151,079	24,958	23,656
North America	北美洲	188,362	119,092	38,721	35,685
Asia (excl. Japan)	亞洲(日本除外)	142,639	159,673	17,531	36,456
		<u>892,703</u>	<u>661,887</u>	177,176	164,216
Less: Distribution, selling, administrative expenses, and others	減：分銷、銷售、 行政費用及其他			(133,620)	(133,517)
				<u>43,556</u>	<u>30,699</u>

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

* 按地域分析的營業額是以貨品運送的目的地來決定。

RESULTS AND APPROPRIATIONS

業績與提撥

Details of the Group's results for the year ended 31st March, 2001 are set out in the consolidated income statement on page 55 of this annual report.

本集團截至二零零一年三月三十一日止年度之業績，詳載於本年報第55頁之綜合損益表內。

An interim dividend of HK1.1 cent per ordinary share was paid during the year. The Directors have recommended the payment of a final dividend and a special dividend of HK 3.8 cents and HK 6.2 cents respectively per ordinary share.

本年度已派發中期息每普通股港幣1.1仙。董事會現建議派發末期股息及特別股息分別為每普通股港幣3.8仙及6.2仙。

FINANCIAL SUMMARY

A summary of the results of the Group for each of the financial years 1997 to 2001 and the assets and liabilities of the Group as at 31st March, 1997, 1998, 1999, 2000 and 2001 are shown on pages 103 and 104 of this annual report.

CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2001, the five largest suppliers of the Group accounted for approximately 33% of the Group's total purchases and the five largest customers accounted for approximately 79% of the Group's total turnover. The largest supplier accounted for approximately 14% of the Group's purchases while the largest customer accounted for approximately 29% of the Group's turnover.

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 five largest customers and five largest suppliers.

SHARE CAPITAL AND EMPLOYEES' SHARE OPTIONS

Details of the share capital and employees' share options of the Company are set out in Notes 23 and 24, respectively, to the accompanying financial statements.

財務摘要

由一九九七年至二零零一年之集團業績摘要和一九九七年、一九九八年、一九九九年、二零零零年及二零零一年三月三十一日之資產負債摘要載於本年報第103及104頁。

主要供應商及客戶

截至二零零一年三月三十一日止年度，本集團五大供應商佔總購貨額約33%，而其五大客戶佔總營業額約79%。另外本集團最大供應商佔總購貨額約14%而其最大客戶佔總營業額約29%。

各董事、彼等之聯繫人士或任何股東（指據董事所知擁有本公司5%以上股本之股東）概無於本集團五大供應商及客戶中擁有任何權益。

股本與員工購股權

本公司股本與有關員工購股權計劃，分別詳載於帳目附註23及24。

RESERVES AND RETAINED PROFIT

Movements in reserves of the Group and the Company during the year are set out in Note 25 to the accompanying financial statements. Movements in retained profit of the Group during the year are set out in the consolidated income statement on page 55 of this annual report.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

Apart from employee's share options, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31st March, 2001. There has been no exercise of convertible securities, options, warrants or other similar rights during the year ended 31st March, 2001.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st March, 2001, the Company purchased 1,264,000 of its own shares for an aggregate consideration of HK\$449,000 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at prices ranging from HK\$0.260 to HK\$0.415 per share. Details of these transactions are set out in note 23 to the audited annual financial statements. Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

儲備與保留溢利

本集團及本公司在本年度之儲備變動情況載於帳目附註25，而本集團在本年度之保留溢利變動情況載於本年報第55頁。

可換股證券、購股權、認股權證或其他類似權利

於二零零一年三月三十一日，除員工購股權外，本公司並無尚未行使之可換股證券、購股權、認股權證或其他類似權利，而於截至二零零一年三月三十一日止年度內亦無此等權利被行使。

購買、出售或贖回股份

本公司於截至二零零一年三月三十一日止年度以每股港幣0.260元至0.415元之價格在香港聯合交易所有限公司（「聯交所」）購回其股份共1,264,000股，總代價為港幣449,000元。該等交易詳情載於已審核之全年財務報表附註23。除上述者外，本公司及其附屬公司在期內均無購買、出售或贖回本公司任何股份。

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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.

SUBSIDIARIES

Particulars of the subsidiaries are set out in Note 12 to the accompanying financial statements.

FIXED ASSETS

Details of movements in fixed assets during the year are set out in Note 11 to the accompanying financial statements.

BANK LOANS AND OVERDRAFTS

Particulars of bank loans and overdrafts of the Group as at 31st March, 2001 are set out in Notes 17 and 20 to the accompanying financial statements.

優先權

本公司細則規定或百慕達法例中，均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。

管理合約

本年度內，本公司並無就整體業務或任何重大業務之管理或行政工作簽訂任何合約，亦無存有此等合約。

附屬公司

本公司各附屬公司之詳情，載於帳目附註12。

固定資產

在本年度內之固定資產變動情況詳載於帳目附註11。

銀行借貸與透支

本集團於二零零一年三月三十一日之銀行借貸與透支詳情列於帳目附註17及20。

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*)

Mr. Ho Cheuk Ming

Mr. Li Cheuk Sum

Mr. Tam Wing Hung

Mr. Lee Shu Ki

Mr. Kwok Wing Kin

Independent Non-executive Directors

Mr. Chan Sui Sum, Raymond

Mr. Leung Wai Ho

Mr. So Wai Chun (*Appointed on 1st July, 2001*)

The independent non-executive Directors are appointed for specific term and hold office until 4th February, 2002, 7th September, 2001 and 30th June, 2002 respectively, subject to extension.

董事會

本年度內在任之董事如下：

執行董事

何焯輝先生 (*主席*)

何卓明先生

李焯森先生

談永雄先生

李樹琪先生

郭永堅先生

獨立非執行董事

陳瑞森先生

梁偉浩先生

蘇偉俊先生 (*於二零零一年
七月一日被委任*)

本公司獨立非執行董事之任期均以特定年期委任，其任期分別於二零零二年二月四日、二零零一年九月七日及二零零二年六月三十日屆滿，延期除外。

In accordance with Bye-law 86(2) of the Company's Bye-laws, Messrs. Kwok Wing Kin and So Wai Chun retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

按照公司細則第86(2)規定，郭永堅先生及蘇偉俊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。

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Leung Wai Ho retires from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

按照公司細則第87條規定，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。

DIRECTORS' SERVICE CONTRACTS

董事之服務合約

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

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）。

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS
IN SHARES**

As at 31st March, 2001, the interests of the Directors and chief executives in the shares of the Company and any associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained under Section 29 of the SDI Ordinance 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

董事及行政總裁之股份權益

於二零零一年三月三十一日，本公司各董事及行政總裁在本公司及其相聯法團(釋義見證券(披露權益)條例(「披露條例」))股本中擁有並已登記於本公司按披露條例第二十九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 每股面值港幣一角之普通股數目			
		Personal interests	Family interests	Corporate/ Other interests	Number of outstanding share options
		個人權益	家屬權益	法團權益或 其他權益	購股權數目
Mr. Ho Cheuk Fai	何焯輝先生	—	33,570,000	232,200,000	3,000,000
			(Note 1) (附註一)	(Note 2) (附註二)	
Mr. Ho Cheuk Ming	何卓明先生	1,000,000	—	232,176,780	8,000,000
				(Note 3) (附註三)	
Mr. Li Cheuk Sum	李焯森先生	1,500,000	—	—	500,000
Mr. Tam Wing Hung	談永雄先生	1,500,000	—	—	1,500,000
Mr. Lee Shu Ki	李樹琪先生	800,000	—	—	—
Mr. Kwok Wing Kin	郭永堅先生	—	—	—	1,200,000
Ms. Ho Po Chu, Scandy	何寶珠女士	33,570,000	—	232,200,000	2,500,000
				(Note 4) (附註四)	

Note:

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, Scandy has a personal interest in these Shares.
2. 232,200,000 Shares are held by Pearl Court Company Limited ("Pearl Court") as trustee for a unit trust known as the 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 (i) his wife being the only shareholder of Pearl Court and controlling one-third or more of the voting power at general meeting of Pearl Court, and (ii) Mr. Ho Cheuk Fai and his wife being two of the three directors 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) included his wife and 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 the 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, Scandy 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 the HWL Trust includes herself and her children under 18.

附註:

- 一、何焯輝先生因其妻子何寶珠女士於該等股份中擁有個人權益而被視為擁有該等權益。
- 二、232,200,000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身份持有。由於(i)何焯輝先生之妻子乃Pearl Court之唯一股東及在Pearl Court股東大會控制三分之一投票權，及(ii)何焯輝先生及其妻子乃Pearl Court三名董事之其中兩名，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個單位中其中之一個乃由其妻子持有，而Ho Wai Leung Memorial Trust (「HWL Trust」) (見附註三) 之受益人包括其妻子及18歲以下之子女，故此被視為擁有該等股份的權益。
- 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、除何寶珠女士之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之唯一股東，其持有HCF Trust其中一個單位，並且由於HWL Trust之受益人包括何寶珠女士及其未滿十八歲之子女，因此何寶珠女士被視為透過Pearl Court擁有該等股份之權益。

(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
每股面值港幣100元之無投票權遞延股份數目

		Personal interests	Family interests	Corporate/		Total interests
				Other interests		
		個人權益	家屬權益	法團權益/ 其他權益		合計權益
Mr. Ho Cheuk Fai	何焯輝先生	43,000	—	—		43,000
Ms. Ho Po Chu, Scandy	何寶珠女士	7,000	—	—		7,000

(ii) *Karpo Technologies Limited*

(ii) 嘉寶科技有限公司

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

		Personal interests	Family interests	Corporate/		Total interests
				Other interests		
		個人權益	家屬權益	法團權益/ 其他權益		合計權益
Mr. Ho Cheuk Fai	何焯輝先生	10,000	—	—		10,000

(iii) Karrie Industrial Holdings Limited

(iii) Karrie Industrial Holdings Limited

Number of non-voting deferred shares of HK\$1 each
每股面值港幣一角之普通股數目

		Personal interests	Family interests	Corporate/ Other interests	Total interests
		個人權益	家屬權益	法團權益/ 其他權益	合計權益
Mr. Ho Cheuk Fai	何焯輝先生	1	—	—	1
Ms. Ho Po Chu, Scandy	何寶珠女士	1	—	—	1

Save as disclosed above and under the heading “Arrangement to Purchase Shares and Debentures”, 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 SDI Ordinance as at 31st March, 2001.

除上文及根據「購買股份及債券之安排」一節所披露外，各董事、行政總裁或其聯繫人等於二零零一年三月三十一日在本公司或其相聯法團（釋義見披露條例）股本中概無持有任何個人、家屬、法團或其他權益。

ARRANGEMENT TO PURCHASE SHARES AND DEBENTURES

購買股份及債券之安排

A Share Option Scheme is maintained by the Company under which eligible employees of the Group, including Executive Directors and chief executives of the Company, may be granted options to subscribe for shares in the Company. Each share option entitles the holder to subscribe for one share of HK\$0.10 each in the Company at a predetermined price. Details of outstanding share

本公司設有優先購股計劃；據此，本集團之合資格僱員，包括本公司之執行董事及行政總裁可獲授認購本公司股份之優先購股權。每份優先購股權授予其持有人按預先釐定之認購價認購本公司一股每股面值港幣0.10元股份之權利。根

options as at 31st March, 2001 granted to and accepted by Executive Directors and chief executives under the scheme are as follows:

據該計劃授予執行董事及行政總裁並獲其接納而於二零零一年三月三十一日尚未行使之優先認股權詳情如下：

Name	姓名	Date of grant	Exercise Price HK\$	Outstanding at 31.3.2000 二零零零年三月三十一日 尚未行使	Number of Share Options 購股權數目		
					Granted during the period 期內授出	Exercised during the period 期內行使	Outstanding at 31.3.2001 二零零一年三月三十一日 尚未行使
Mr. Ho Cheuk Fai	何焯輝先生	19.6.1999	0.335	3,000,000	—	—	3,000,000
Mr. Ho Cheuk Ming	何卓明先生	19.6.1999	0.335	8,000,000	—	—	8,000,000
Mr. Li Cheuk Sum	李焯森先生	19.6.1999	0.335	1,500,000	—	1,500,000	—
		20.9.2000	0.300	—	500,000	—	500,000
Mr. Tam Wing Hung	談永雄先生	19.6.1999	0.335	1,500,000	—	1,500,000	—
		20.9.2000	0.300	—	1,500,000	—	1,500,000
Mr. Lee Shu Ki	李樹琪先生	19.6.1999	0.335	1,000,000	—	1,000,000	—
Mr. Kwok Wing Kin	郭永堅先生	20.9.2000	0.300	—	1,200,000	—	1,200,000
Ms. Ho Po Chu, Scandy	何寶珠女士	19.6.1999	0.335	2,500,000	—	—	2,500,000

All these share options will expire on the 30th November, 2006.

所有該等優先購股權將於二零零六年十一月三十日期滿失效。

Except for the above, at no time during the period was the Company or its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

除上述者外，期內本公司及其附屬公司概無參與任何安排，致使本公司董事及行政總裁可藉收購本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

The Stock Exchange has granted a waiver to the Company from strict compliance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") on the following recurring connected transactions. Pursuant to the waiver, the Company is not required to disclose details of such connected transactions by press notice and/or circular and/or to obtain prior independent shareholders' approval. Details of such connected transactions are as follows:

- (i) A lease agreement dated 15th November, 1996 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 Yantian, Dongguan, the People's Republic of China at monthly rental of HK\$31,637 for a term of five years commencing on 15th November, 1996.
- (ii) On 18th November, 1996, Kings Lion Development Limited ("Kings Lion") as landlord entered into a lease (the "Kings Lion Lease Agreement") with Karrie Industrial Company Limited ("Karrie Industrial"), a wholly-owned subsidiary of the Company, as tenant for the lease of a portion (being 5,382 square feet in gross floor area) of 9th Floor,

董事於合約之利益及關連交易

聯交所已就下列經常性關連交易給予本公司豁免嚴格遵守聯交所證券上市規則(「上市規則」)之規定。根據是項豁免，本公司毋須以報章通告及／或通函之形式披露此等關連交易之詳情，亦毋須預先獲得獨立股東之批准。此等關連交易之詳情如下：

- (i) 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)於一九九六年十一月十五日訂立之租賃協議，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，每月租金港幣31,637元，租期自一九九六年十一月十五日起計為期五年。
- (ii) 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)於一九九六年十一月十八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5,382平方呎)(「荃灣辦

Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories (the “Tsuen Wan Premises”) together with two car parking spaces in the same building at a monthly rental of HK\$40,500 (that is, at approximately HK\$7.53 per square foot) for a term of three years commencing on 18th November, 1996 with an option to renew for another two years.

On 27th January, 1999, Karrie Industrial and Kings Lion entered into a supplemental agreement (the “Supplemental Agreement”) to amend certain terms of the Kings Lion Lease Agreement including the increase in gross floor area of the portion of the Tsuen Wan Premises being leased to 20,926 square feet and the increase of monthly rental payable by Karrie Industrial to HK\$110,448 with effect from 1st February, 1999.

On 25th October, 1999, Karrie Industrial and Kings Lion entered into a new lease agreement (the “New Lease Agreement”) for the lease of Tsuen Wan Premises together with two car-parking spaces on the ground floor of the same building at a monthly rental of HK\$87,889 (that is, HK\$1,054,668 per annum), for a term of two years commencing on 18th November, 1999.

事處)連同兩個位於該大廈地下之車位訂立租賃協議(「勁獅租賃協議」)，月租港幣40,500元(即每平方呎約港幣7.53元)，為期三年，租期由一九九六年十一月十八日起計，可續期兩年。

嘉利產品與勁獅於一九九九年一月二十七日訂立一份補充協議(「補充協議」)，以修訂勁獅租賃協議之部份條款。修改範圍包括將租賃荃灣辦事處之樓面面積增至20,926平方呎，及將嘉利產品需付之月租增至港幣110,448元並由一九九九年二月一日起生效。

嘉利產品與勁獅於一九九九年十月二十五日就位於荃灣辦事處連同兩個位於該大廈地下之車位訂立新租賃協議(「新租賃協議」)，月租港幣87,889元(即每年港幣1,054,668元)，為期兩年，租期由一九九九年十一月十八日起計。

(iii) On 11th August, 1997, Karrie Industrial entered into a manufacturing agreement (the “Manufacturing Agreement”) with Kar-Info whereby Karrie Industrial agreed to manufacture the devices for capturing data in smart card management systems developed by Kar-Info to the specifications of Kar-Info and in accordance with work orders placed by Kar-Info during a term of two years from 11th August, 1997 to 10th August, 1999 on the terms that (i) the gross profit margin of Karrie Industrial attributable to the arrangement thereunder would not be less than 30% (the “Guaranteed Gross Profit Margin”) and (ii) the aggregate value of such work orders arising therefrom would not be more than HK\$7,200,000.

On 27th January, 1999, Karrie Industrial and Kar-Info entered into a supplemental agreement (the “Supplemental Manufacturing Agreement”) to amend the terms of the Manufacturing Agreement to the effect that the Guaranteed Gross Profit Margin be changed to 20% with effect from 1st February, 1999.

On 25th October, 1999, Karrie Industrial and Kar-Info entered into a new manufacturing agreement (“New Manufacturing Agreement”) for a duration of two years from 25th October, 1999 to 24th October, 2001 on the terms that (i) the Guaranteed Gross Profit Margin would not be less than 20% and (ii) Kar-Info would place separate work orders throughout the term of the agreement and the size of and the fee for each order would be separately negotiated on the basis of (i) above but the aggregate value of work orders arising therefrom would not be more than HK\$5,000,000.

(iii) 嘉利產品與嘉訊通於一九九七年八月十一日訂立一項製造協議(「製造協議」)。據此，嘉利產品同意於一九九七年八月十一日至一九九九年八月十日兩年期間按照嘉訊通之規格及根據嘉訊通所給予之工程訂單製造專供處理嘉訊通發展之智能卡管理系統數據之設備；惟(i)嘉利產品根據製造協議所訂安排應得之邊際利潤將不低於30%(「保證邊際利潤」)及(ii)於製造協議有效期內之工程訂單總值將不超過港幣7,200,000元。

嘉利產品與嘉訊通於一九九九年一月二十七日訂立一份補充協議(「製造補充協議」)，以修改製造協議之部份條款，將保證邊際利潤改為20%，由一九九九年二月一日起生效。

嘉利產品與嘉訊通於一九九九年十月二十五日訂立一項新製造協議(「新製造協議」)，有效期由一九九九年十月二十五日至二零零一年十月二十四日止。其條款為(i)保證邊際利潤率不低於20%及(ii)嘉訊通之工程訂單將於有關協議有效期內另行議訂，而每訂單之數量及費用將由雙方按上述(ii)另行商議，但有關協議有效期內之工程訂單總值將不超過港幣5,000,000元。

(iv) A lease agreement dated 15th November, 1996 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 Yantian, Dongguan, the People’s Republic of China at a monthly rental of HK\$238,470 for a term of five years commencing on 15th November, 1996.

Kar-Info and Kings Lion are connected persons of the Company under Chapter 14 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.

In addition, the following connected transactions of the Group have subsisted during the year:

(a) On 3rd April, 2000, 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

(iv) 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)於一九九六年十一月十五日訂立租賃協議，租賃位於中國東莞雁田的廠房部份樓面，月租港幣238,470元，租期由一九九六年十一月十五日起計為期五年。

根據上市規則第十四章，嘉訊通及勁獅均為本公司之關連人士，原因是本公司董事何焯輝先生連同其妻子控制嘉訊通及勁獅股東大會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。

此外，本集團於年內亦曾涉及下列關連交易：

(a) 東莞雁訊(「借款人」)與東亞銀行深圳分行(「貸款人」)於二零零零年四月三日訂立借款合同；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

to secure the credit facilities of up to the extent of RMB10,000,000 granted by the Lender to the Borrower.

The guarantee is continuing in nature until the Secured Indebtedness is repaid in full.

- (b) On 26th October, 2000, a financial arrangement was entered into under which Karwin Engineering Company Limited, a wholly-owned subsidiary of the Company, obtained a standby letter of credit from China Construction Bank, Hong Kong Branch to secure the banking facilities granted by China Construction Bank, Dongguan Branch to Dongguan Yanxun to the extent of RMB8,000,000.
- (c) On 30th October, 2000, a letter of guarantee was signed by Karrie Industrial as Guarantor, Dongguan Yanxun as Borrower, and Standard Chartered Bank, Shenzhen Branch as Lender whereby the Guarantor was required to guarantee to the Lender to secure the banking facilities of up to the extent of RMB30,000,000 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.

人授出最高達人民幣10,000,000元銀行融資之擔保。

該擔保屬持續性，直至全數清還所欠款項為止。

- (b) 嘉運機械工程有限公司（「嘉運」）（本公司之全資附屬公司）與中國建設銀行香港分行於二零零零年十月二十六日達成財務安排；據此，嘉運以其從中國建設銀行香港分行取得之備兌信用證作出保證，作為中國建設銀行東莞分行向東莞雁訊授出最高達人民幣8,000,000元銀行融資之擔保。
- (c) 嘉利產品（「擔保人」）、東莞雁訊（「借款人」）與標準渣打銀行深圳分行（「貸款人」）於二零零零年十月三十日訂立擔保函件；據此，擔保人需向貸款人作出擔保，作為貸款人向借款人授出最高達人民幣30,000,000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。

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2001, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, 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 10 per cent. or more of the nominal value of the issued share capital of the Company are as follows:

主要股東

於二零零一年三月三十一日，根據本公司按披露權益條例第16(1)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10%或以上之權益之人士(不包括董事及本公司之行政總裁)如下：

Name of Shareholder	Number of ordinary shares of HK\$0.10 each 每股面值港幣一角之普通股份數目		
	Personal interests	Corporate/ Other interests	Shareholding percentage
	個人權益	法團／ 其他權益	持股量百分比
Pearl Court *	—	232,200,000 <i>(Note 1)</i> <i>(附註一)</i>	62.13%
HITL	—	232,176,780 <i>(Note 2)</i> <i>(附註二)</i>	62.12%
HSBC Holdings plc ("HHUK") (「HHUK」)	—	232,176,780 <i>(Note 2)</i> <i>(附註二)</i>	62.12%
HSBC Finance (Netherlands) ("HFN") (「HFN」)	—	232,176,780 <i>(Note 2)</i> <i>(附註二)</i>	62.12%
HSBC Holdings B.V. ("HHBV") (「HHBV」)	—	232,176,780 <i>(Note 2)</i> <i>(附註二)</i>	62.12%
HSBC Investment Bank Holdings B.V. ("HIB") (「HIB」)	—	232,176,780 <i>(Note 2)</i> <i>(附註二)</i>	62.12%

Note:

1. Pearl Court is a trustee of the HCF Trust.
2. HITL is the trustee of the HWL Trust. HITL is wholly-owned subsidiary of HHUK through HFN, HHBV and HIB, which are also wholly-owned subsidiaries of HHUK. HHUK, HFN, HHBV and HIB are deemed to be interested in these shares by virtue of the interest of HITL. The interests of HITL, HHUK, HFN, HHBV and HIB duplicate each other.

* *The corporate/other interests in Shares by each substantial shareholder duplicates the family interests and corporate/other interests of Mr. Ho Cheuk Fai, Mr. Ho Cheuk Ming and Ms. Ho Po Chu, Scandy as stated in the section headed "Directors' and chief executives' interests in the Shares."*

Save as disclosed above, there are no other interests as recorded on the register kept by the Company under Section 16(1) of the SDI Ordinance as at 31st March, 2001.

AUDIT COMMITTEE

According to the requirements of the Listing Rules, the Group has established an Audit Committee in January 1999 comprising two independent non-executive directors of the Company. They will be 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.

附註：

- 一、 Pearl Court為HCF Trust之受託人。
- 二、 HITL為HWL Trust之受託人。HITL為HHUK透過HFN、HHBV及HIB(彼等亦為HHUK之全資附屬公司)而擁有之全資附屬公司。因此HHUK、HFN、HHBV及HIB透過HITL被視為擁有HITL所持有之權益。HITL、HHUK、HFN、HHBV及HIB之權益乃互相重複。

* 各主要股東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之家屬權益及法團權益／其他權益重複，如「董事及行政總裁股份之權益」一節所述。

除上文披露外，於二零零一年三月三十一日，本公司根據披露權益條例第16(1)條而存置之權益登記冊並無記錄其他權益。

審核委員會

遵照上市規則，本公司於一九九九年一月底成立審核委員會，該委員會由兩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，包括財務報表的審閱及內部監控，以保障本公司股東之利益。

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the Directors, the Company had complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year from 1st April, 2000 to 31st March, 2001.

AUDITORS

The accompanying financial statements were audited by Messrs. Arthur Andersen & Co. A resolution for the re-appointment of Messrs. Arthur Andersen & Co as the Company's auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors,

HO CHEUK FAI

Chairman

Hong Kong, 20th July, 2001

遵守最佳應用守則

董事會認為本公司於自二零零零年四月一日至二零零一年三月三十一日之年內一直遵守上市規則附錄14內所載「最佳應用守則」之規定。

核數師

有關帳目已經由安達信公司審核。本公司股東週年大會上將會提呈一項有關續聘安達信公司於來年擔任本公司核數師之決議案。

承董事會命

何焯輝

主席

香港，二零零一年七月二十日