

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 1. Group Reorganisation, Operations and Basis of Presentation

The Company was incorporated in Bermuda on 11 January 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company is an investment holding company. Its subsidiaries are principally engaged in trading of electronic components and computer products and accessories. Its shares have been listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 7 May 2001. Refer to Note 11 for details of the Company's subsidiaries.

Pursuant to a group reorganisation scheme in preparation for the listing of the Company's shares on the Stock Exchange ("the Reorganisation"), the Company became the holding company of the companies comprising the group (collectively referred to as "the Group") on 18 April 2001. The group reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the reorganisation are regarded as a continuing group.

The Trading Division of Mobicon Electronic Supplies Company Limited ("MESC – Trading Division") was engaged in trading of electronic components and computer products and accessories. Mobicon Electronic Supplies Company Limited was wholly-owned by Mr. Hung Kim Fung, Measure, Ms. Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix, all being directors and substantial shareholders of the Company. As part of the Reorganisation, the assets, liabilities and businesses of MESC – Trading Division were transferred to Mobicon Holdings Limited, a wholly-owned subsidiary of the Company, effective from 1 November 2000 and thereafter Mobicon Electronic Supplies Company Limited ceased its business operations.

The accompanying combined financial statements include the results of operations of the Company and its subsidiaries as if the group structure resulting from the Reorganisation executed on 18 April 2001 had been in existence throughout the years ended 31 March 2000 and 2001 or since the dates of incorporation of the respective group companies where these were of a shorter period, together with the results of operations of MESC – Trading Division during the same period; and the assets and liabilities of the Group as at those dates as if the group structure resulting from the Reorganisation had been in existence as at 31 March 2000 and 2001, together with the assets and liabilities of MESC – Trading Division as at the same date.

All significant transactions and balances among the companies comprising the Group have been eliminated on combination.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 2. Principal Accounting Policies

The combined financial statements have been prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Principal accounting policies are summarised below:

#### a. Basis of measurement

The combined financial statements have been prepared on the historical cost basis.

#### b. Turnover and revenue recognition

Turnover represents the invoiced value of merchandise sold, after allowances for returns and discounts.

Revenue is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the group. Sales revenue is recognised when the merchandise is shipped and title has passed. Interest income is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

#### c. Taxation

Individual companies within the group provide for profits tax on the basis of their profit for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for profits tax purposes.

Deferred taxation is provided under the liability method in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, except when it is considered that no liability will arise in the foreseeable future. Deferred tax assets are not recognised unless the related benefits are expected to crystallise in the foreseeable future.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 2. Principal Accounting Policies *(Continued)*

#### d. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Major expenditures on modifications and betterments of fixed assets which will result in future economic benefits are capitalised, while expenditures on maintenance and repairs are expensed when incurred. Depreciation for fixed assets is provided on a straight-line basis to write off the cost of each asset over its estimated useful life. The annual rates of depreciation are as follows:

Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	25%

Management assesses the recoverability of the carrying amounts of fixed assets periodically. When the recoverable amounts of fixed assets have declined below the carrying amounts, the carrying amounts are reduced to the recoverable amounts with the difference charged to the income statement. In determining the recoverable amount of fixed assets, expected future cash flows are not discounted to their present values.

Gains and losses on disposals of fixed assets are recognised in the income statement based on the net disposal proceeds less the then carrying amount of the assets.

#### e. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method of costing and includes all costs incurred in bringing the goods to their present location and condition. Net realisable value is based on estimated normal selling prices in the ordinary course of business, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 2. Principal Accounting Policies *(Continued)*

#### f. Operating leases

Operating leases represent those leases under which substantially all the rewards and risks of ownership of the leased assets remain with the lessors. Rental payments under operating leases are charged to the income statement on a straight-line basis over the period of the relevant leases.

#### g. Employee retirement benefits

The costs of employee retirement benefits are recognised as an expense in the period in which they are incurred.

#### h. Foreign currency translation

Individual companies within the group maintain their books and records in Hong Kong dollars. In the accounts of the individual companies, transactions in other currencies during the year are translated into Hong Kong dollars at the applicable rates of exchange prevailing at the time of the transactions; monetary assets and liabilities denominated in other currencies are translated into Hong Kong dollars at the applicable rates of exchange in effect at the balance sheet date. Exchange gains or losses are dealt with in the income statements of the individual companies.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 3. 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.

Particulars of significant transactions and balances between the Group and related parties are:

	2001 \$'000	2000 \$'000
Sales to PCUSER Limited ("PCUSER") (a)	3,757	388
Rental expense paid to:		
– M-Bar Limited (b)	462	–
– Mr. Hung Kim Fung, Measure and Ms. Yeung Man Yi, Beryl	80	–
Rental deposits paid to:		
– M-Bar Limited (b)	462	–
– Mr. Hung Kim Fung, Measure and Ms. Yeung Man Yi, Beryl	80	–

- (a) PCUSER was beneficially owned by Mr. Hung Kim Fung, Measure, Ms. Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix, directors of the Company. On 1 February 2001, the four directors disposed of their entire shareholding interest in PCUSER to an independent third party.
- (b) M-Bar Limited is a wholly-owned subsidiary of Mobicon Electronic Supplies Company Limited, a company beneficially owned by Mr. Hung Kim Fung, Measure, Ms. Yeung Man Yi, Beryl, Mr. Hung Ying Fung and Mr. Yeung Kwok Leung, Allix, directors of the Company.

In the opinion of the Directors, the above transactions were entered into in the ordinary and usual course of business of the Group and were priced in accordance with the terms of the agreements.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 3. Related Party Transactions *(Continued)*

The balances with directors were unsecured and non-interest bearing. Details of the amount due from (to) directors are as follows:

Name of company	2001	2000	Maximum
	\$'000	\$'000	debit balance outstanding during the year \$'000
Mr. Hung Kim Fung, Measure	(3,360)	35,726	35,726
Ms. Yeung Man Yi, Beryl	(2,108)	33,470	33,470
Mr. Hung Ying Fung	(2,239)	6,578	8,408
Mr. Yeung Kwok Leung, Allix	(2,239)	6,578	8,408
	<u>(9,946)</u>	<u>82,352</u>	

### 4. Turnover and Revenue and Segmental Information

Turnover and revenue in the combined income statement consist of:

	2001	2000
	\$'000	\$'000
Turnover – sales of merchandise	460,926	588,172
Interest income from bank deposits	823	495
Total revenue	<u>461,749</u>	<u>588,667</u>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 4. Turnover and Revenue and Segmental Information *(Continued)*

Turnover by principal activities and their respective contributions to profit (loss) before taxation are:

	2001		2000	
	Turnover	Profit (loss) before taxation	Turnover	Profit before taxation
	\$'000	\$'000	\$'000	\$'000
Sales of merchandise:				
– electronics components and accessories	335,959	43,328	283,175	30,512
– computer products and accessories	124,967	(1,054)	304,997	3,449
	<u>460,926</u>	<u>42,274</u>	<u>588,172</u>	<u>33,961</u>
Interest income from bank deposits		<u>823</u>		<u>495</u>
		<u>43,097</u>		<u>34,456</u>

Analysis of turnover by geographical location is as follows (a):

	2001	2000
	\$'000	\$'000
Hong Kong	337,283	370,514
Europe	49,280	81,631
America	22,615	77,737
Asia Pacific (other than Hong Kong)	38,223	41,235
Others	13,525	17,055
	<u>460,926</u>	<u>588,172</u>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 4. Turnover and Revenue and Segmental Information *(Continued)*

Note:

- (a) Turnover by geographical location is determined on the basis of the destination of delivery of merchandise for the Group's sales of merchandise. No analysis of profit (loss) before taxation by geographical location is presented as it is generally in line with the distribution of turnover as set out above.

### 5. Profit Before Taxation

Profit before taxation is determined after charging and crediting the following:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
After charging –		
Employment costs (including directors' emoluments)	<b>19,066</b>	18,451
Bad debt expense	–	301
Provision for obsolete and slow-moving inventories	–	651
Depreciation of fixed assets	<b>1,109</b>	723
Operating lease rentals of rented premises	<b>1,047</b>	246
Auditors' remuneration	<b>681</b>	495
After crediting –		
Interest income on bank deposits	<b>823</b>	495
Net gain on disposal of fixed assets	<b>40</b>	–
Net exchange gain	<b>44</b>	276



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 6. Directors' and Senior Executives' Emoluments

Details of directors' emoluments are:

	2001	2000
	\$'000	\$'000
Fees	–	–
Other emoluments		
– Basic salaries and allowances	4,225	4,225
– Contributions to mandatory provident fund	16	–
	<b>4,241</b>	<b>4,225</b>

No directors waived any emoluments during the year. No incentive payment for joining the group or compensation for loss of office was paid or payable to any director during the year.

The number of directors whose remuneration fall within the following bands is as follows:

	2001	2000
Nil to \$1,000,000	2	2
\$1,000,001 to \$1,500,000	2	2
	<b>4</b>	<b>4</b>

Out of the five highest paid individuals, four (2000 – four) of them are directors of the Group, whose emoluments have been disclosed above. Details of emoluments paid to the remaining highest paid individual are:

	2001	2000
	\$'000	\$'000
Basic salaries, allowances and retirement benefits	406	398
Bonuses	–	225
	<b>406</b>	<b>623</b>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 6. Directors' and Senior Executives' Emoluments (Continued)

During the year, no emoluments were paid to the one highest paid non-director individual as inducement to join or upon joining the Group or as compensation for loss of office.

The number of highest paid non-director individual whose remuneration falls within the following band is as follows:

	2001	2000
Nil to \$1,000,000	1	1

### 7. Taxation

Taxation consists of:

	2001 \$'000	2000 \$'000
Current taxation –		
Hong Kong profits tax	7,040	5,302
Overprovision in prior years	(718)	–
Deferred taxation – Hong Kong profits tax	(221)	221
	<b>6,101</b>	<b>5,523</b>

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax was provided at the rate of 16% (2000 – 16%) on the estimated assessable profit arising in or derived from Hong Kong.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 8. Dividends

During the year, the following subsidiaries of the Company declared dividend to their then shareholders prior to the Reorganisation:

- (i) On 30 October 2000, MESC – Trading Division declared an interim dividend of approximately \$41,718,000 to the shareholders of Mobicon Electronic Supplies Company Limited, who are also directors of the Company, out of which approximately \$34,118,000 was settled by offsetting balances due from those directors. The remaining balance was settled in cash.
- (ii) On 15 March 2001, A Plus Electronic Company Limited declared a special dividend of \$67,059,000 to its then shareholders, who are also directors of the Company, out of which approximately \$52,537,000 was settled by offsetting balances due from directors. The remaining balance was settled in cash.
- (iii) On 15 March 2001, M-Tec Electronic Limited, a 60% subsidiary as at 31 March 2001, declared a dividend of \$7,900,000 to its then shareholders.

No dividend has been declared by the Company for the year ended 31 March 2001.

### 9. Earnings Per Share

The calculation of basic earnings per share for the year ended 31 March 2001 is based on the combined profit attributable to shareholders of approximately \$35,371,000 (2000 – \$27,823,000) and on the weighted average number of 150,000,000 shares (2000 – 150,000,000 shares) deemed to have been issued throughout the year.

There were no potential dilutive ordinary shares in existence for the years ended 31 March 2000 and 2001, and, accordingly, no diluted earnings per share have been presented.

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### 10. Fixed Assets

Movements of fixed assets are:

	2001			2000	
	Furniture and fixtures \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000	Total \$'000
Cost					
Beginning of year	4,626	1,637	2,199	8,462	7,870
Additions	477	237	380	1,094	714
Disposal	-	-	(161)	(161)	(122)
End of year	5,103	1,874	2,418	9,395	8,462
Accumulated depreciation					
Beginning of year	4,212	1,176	1,891	7,279	6,678
Provision for the year	385	396	328	1,109	723
Disposal	-	-	(161)	(161)	(122)
End of year	4,597	1,572	2,058	8,227	7,279
Net book value					
End of year	506	302	360	1,168	1,183
Beginning of year	414	461	308	1,183	1,192

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### 11. Subsidiaries

As at the date of this report, the details of the subsidiaries, all held indirectly by the Company (except for Mobicon (BVI) Limited) pursuant to the Reorganisation are as follows:

Name	Place and date of incorporation/ operations	Issued and fully paid share capital	Percentage of equity interest held	Principal activities
Mobicon (BVI) Limited ("MBVI")	British Virgin Islands 28 December 2000	US\$10,000	100%	Investment holding
Mobicon Holdings Limited ("MHL")	Hong Kong 9 October 2000	\$10	100%	Trading of electronic components and accessories
M-Tec Electronic Limited ("M-Tec") *	Hong Kong 9 January 1992	\$100,000	100%	Trading of electronic components and accessories
A Plus Electronic Company Limited ("A Plus")	Hong Kong 7 April 1993	\$1,000,100	100%	Trading of electronic components, computer products and accessories
Mobicon Agent Limited ("MAL") *	Hong Kong 18 February 1992	\$10,000	100%	Trading of electronic components and accessories

\* During the year ended 31 March 2001, M-Tec and MAL were 40% and 30% owned by shareholders other than the four directors and substantial shareholders of the Company ("the Minority Shareholders"). Effective on 12 April 2001, the Group acquired the remaining 40% and 30% interests of M-Tec and MAL from the Minority Shareholders, respectively. Thereafter, M-Tec and MAL became wholly-owned subsidiaries of the Group.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 12. Inventories

Inventories, comprising electronic components and computer products and accessories held for trading purposes, consist of:

	2001	2000
	\$'000	\$'000
Inventories	64,684	56,215
Less: Provision for obsolete and slow-moving inventories	(7,096)	(8,784)
	<b>57,588</b>	47,431

The amount of inventories (included above) carried at net realisable value was approximately \$5,108,000 (2000 – \$10,152,000).

### 13. Accounts Receivable

The credit terms of the Group range from 14 to 60 days. The ageing analysis of accounts receivable is stated as follows:

	2001	2000
	\$'000	\$'000
0 to 60 days	22,011	26,636
61 to 120 days	1,292	1,619
121 to 180 days	715	451
181 to 365 days	34	7
	<b>24,052</b>	28,713

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 14. Accounts Payable

The credit terms of the Group range from 2 to 60 days. The ageing analysis of accounts payable is stated as follows:

	2001	2000
	\$'000	\$'000
0 to 60 days	17,430	25,025
61 to 120 days	273	621
121 to 180 days	19	62
181 to 365 days	167	74
	<b>17,889</b>	<b>25,782</b>

### 15. Deferred Taxation

Movements of deferred taxation are:

	2001	2000
	\$'000	\$'000
Beginning of year	221	-
Provision for the year	-	221
Write-back during the year	(221)	-
End of year	-	221

There was no significant unprovided deferred taxation as at 31 March 2001.

### 16. Share Capital

The share capital on the combined balance sheet represents the aggregate amount of the nominal value of the share capital of the companies comprising the Group as at that date.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 17. Notes To The Combined Cash Flow Statement

- a. Reconciliation of profit before taxation to net cash inflow from operating activities:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
Profit before taxation	<b>43,097</b>	34,456
Interest income	<b>(823)</b>	(495)
Depreciation of fixed assets	<b>1,109</b>	723
Gain on disposal of fixed assets	<b>(40)</b>	–
Increase in inventories	<b>(10,157)</b>	(17,864)
Decrease (Increase) in accounts receivable	<b>4,661</b>	(6,744)
Increase in prepayment, deposits and other receivables	<b>(5,114)</b>	(473)
(Decrease) Increase in accounts payable	<b>(7,893)</b>	7,870
Increase in accruals and other payables	<b>1,900</b>	2,518
Net cash inflow from operating activities	<b>26,740</b>	19,991

- b. Major non-cash transactions –

- (i) On 30 October 2000, MESC – Trading Division declared an interim dividend of approximately \$41,718,000 to its then shareholders, who are also directors of the Company, out of which approximately \$34,118,000 was settled by offsetting balances due from directors.
- (ii) On 15 March 2001, A Plus declared a special dividend of \$67,059,000 to its then shareholders, who are also directors of the Company, out of which approximately \$52,537,000 of the dividend payable was settled by offsetting balances due from directors.



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 18. Operating Lease Commitments

As at 31 March 2001, the Group had operating lease commitments in respect of rented premises under various non-cancellable operating lease agreements extending to January 2006. The amount of total commitments is analysed as follows:

	2001 \$'000	2000 \$'000
Amounts payable		
– within one year	3,439	187
– more than one year but not exceeding two years	3,268	187
– more than two years but not exceeding five years	9,214	–
	<b>15,921</b>	<b>374</b>

The amount of commitments payable within the next twelve months is analysed as follows:

	2001 \$'000	2000 \$'000
Leases expiring within a period		
– more than one year but not exceeding two years	187	–
– more than two years but not exceeding five years	3,252	187
	<b>3,439</b>	<b>187</b>

### 19. Retirement Schemes

The Group ("the employers") has arranged for its employees (including executive directors) provident funds under defined contribution schemes managed by an independent trustee. Both the employers and the employees make monthly contributions to the schemes at 5%, respectively of the employee's basic salary. The employees are entitled to receive 100% of the employers' contribution and the accrued interest thereon upon retirement or leaving the Group after completing 10 years of service or at a reduced scale of between 30% and 90% after completing 3 to 9 years of service. The forfeited contributions made by the Group and related accrued interest are used to reduce the employers' contribution.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 19. Retirement Schemes *(Continued)*

For the year ended 31 March 2001, the aggregate amount of the Group's contributions was approximately \$232,000 (2000 – \$266,000). The amount of forfeited contributions available to reduce the Group's employer contributions was approximately \$25,000 (2000 – \$46,000). As at 31 March 2001, there were no material forfeited contributions available to reduce the group's employer contribution payable in future periods.

Since 1 December 2000, the Group has arranged for its employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"). The MPF Scheme is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees makes monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Each employee's contribution is subject to a cap of monthly earnings of \$20,000 and thereafter contributions are voluntary, while the employer's contribution is not subject to any earnings cap.

During the year ended 31 March 2001, the aggregate amount of employer's contribution made by the Group to the MPF Scheme was approximately \$466,000.

### 20. Subsequent Events

Subsequent to 31 March 2001, the following major transactions took place:

- a. On 12 April 2001, MHL and A Plus acquired the remaining 40% and 30% interest in M-Tec and MAL, respectively, at a total consideration of approximately \$531,000, to be settled in cash, as determined based on the net asset value of M-Tec and MAL as at 31 October 2000. Thereafter, M-Tec and MAL became wholly-owned by the Group.
- b. On 18 April 2001, the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange, details of which are as follows:
  - (i) The authorised share capital of the Company was increased from \$100,000 to \$200,000,000 by the creation of a further 1,999,000,000 shares of \$0.10 each, ranking pari passu with the existing share capital of the Company.

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### 20. Subsequent Events *(Continued)*

- (ii) The Company acquired the entire issued share capital of Mobicon (BVI) Limited, intermediate holding company, the consideration of which comprised (i) issue of 1,000,000 shares of \$0.10 each credited as fully paid up by the Company, and (ii) credited as fully paid up of the 1,000,000 shares issued on 30 January 2001.
- (iii) 148,000,000 shares of \$0.10 each were allotted as fully paid at par to the holders of the shares on the register of members of the Company, in proportion to their respective shareholdings as at the close of business on 18 April 2001, by way of the capitalisation of share premium amounting to \$14,800,000, conditional on the share premium account being credited as a result of the issue of new shares to the public as detailed in (iv) below.
- (iv) On 3 May 2001, 50,000,000 shares of \$0.10 each were issued to the public at \$1.00 each resulting in total cash proceeds of \$50,000,000.

A summary of the above movements in the issued share capital of the Company is as follows:

	<i>Note</i>	<b>Number of shares issued '000</b>	<b>Par value \$'000</b>
Shares allotted and issued nil paid upon incorporation and as at 31 March 2001		1,000	–
Shares issued as consideration for the acquisition of the entire issued share capital of Mobicon (BVI) Limited	<i>(ii)</i>	1,000	100
Credited as fully paid up as consideration for the acquisition of the entire issued share capital of Mobicon (BVI) Limited	<i>(ii)</i>	–	100
Capitalisation of the share premium account	<i>(iii)</i>	148,000	14,800
New issue on public listing	<i>(iv)</i>	50,000	5,000
		<b>200,000</b>	<b>20,000</b>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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### 20. Subsequent Events *(Continued)*

- c. On 18 April 2001, the Company approved a share option scheme under which the Directors may, at its discretion, invite any employees of the Company or any of its subsidiaries, including any executive directors, to take up options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed 10% of the issued share capital of the Company. The subscription price will be determined by the Company's Board of Directors and will be the higher of (i) the nominal value of the shares, or (ii) 80% of the average of the quoted closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of offer of the options. The scheme became effective upon the listing of the Company's shares on 7 May 2001. No options have been granted up to the date of approval of the accompanying combined financial statements.