

# Report of the Directors

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The directors submit their report together with the audited accounts for the year ended 30 June 2001.

## **Principal activities and geographical analysis of operations**

The principal activity of the Company is investment holding and the activities of the principal subsidiaries and associated companies are shown in notes 33 and 13 to the accounts respectively.

An analysis of the Group's turnover and contribution to operating loss for the year/period by principal activities and markets is set out in note 2 to the accounts.

## **Results and appropriations**

The results of the Group for the year are set out in the consolidated profit and loss account on page 32.

## **Reserves**

Movements in the reserves of the Group and the Company during the year are set out in note 25 to the accounts.

## **Fixed assets**

Details of the movements in fixed assets, including investment properties, of the Group and the Company are set out in note 10 to the accounts.

A schedule of principal properties held for investment purposes is set out on pages 73 to 74.

## **Long term liabilities**

Particulars of the Group's and the Company's long term liabilities at the balance sheet date are set out in note 26 to the accounts.

## **Share capital**

Details of the movements in the share capital and share option scheme of the Company are set out in note 24 to the accounts.

## **Donations**

During the year, the Group made charitable donations of HK\$315,000 (Period end 30 June 2000: HK\$25,000).

## **Five year financial summary**

A summary of the results and the assets and liabilities of the Group for the last five financial years is shown on pages 71 to 72.



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## Directors

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

*Executive directors:*

Yoshitaka KITAO

Hiroyuki NAKANISHI

YU Kam Kee, Lawrence

Katsuya KAWASHIMA

Akira KAJIKAWA

(appointed on 3 April 2001)

WONG Sin Just

(appointed on 3 April 2001)

CHOO Chee Kong

(appointed on 3 April 2001)

YU Kam Yuen, Lincoln

(resigned as director and appointed as alternate director on 3 April 2001)

*(Alternate director to*

*Mr YU Kam Kee, Lawrence)*

Junichi GOTO

(resigned on 3 April 2001)

YU Kam Wai, Ricky

(resigned on 3 April 2001)

*Non-executive directors:*

CHANG Ming Jang

(ceased to be executive director and acted as non-executive director on 15 May 2001)

LI Shui \*

(appointed on 31 May 2001)

CHAN Kok Chung, Johnny \*

(appointed on 20 September 2001)

WANG Minshiang, Arthur \*

(resigned on 15 May 2001)

YIP Hak Yung, Peter \*

(resigned on 20 September 2001)

\* *Independent non-executive directors*

In accordance with Article 104 of the Company's Articles of Association, Mr Hiroyuki Nakanishi retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with Article 110 of the Company's Articles of Association, all new directors, who were appointed during the year, also retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

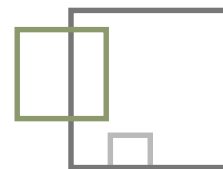
The independent non-executive directors of the Company are subject to the general provisions in respect of retirement and rotation of directors in the Company's Articles of Association.

## Biographical details of directors

Brief biographical details of directors are set out on pages 18 to 20.

## Directors' emoluments

Details of directors' emoluments in respect of the year are set out in note 5 to the accounts.



## Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies 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.

No director 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.

## Directors' interests in shares and options

As at 30 June 2001, the interests of the directors in the shares and options of the Company and its associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register kept under Section 29 of the SDI Ordinance (the "Register") or as notified to the Company were as follows:

### (a) Interests in the Company

#### (i) Shares

Name of Director	Number of ordinary shares of HK\$0.10 each		
	Personal interest	Corporate interest	Total
Yu Kam Kee, Lawrence	162,918,026	4,882,965*	167,800,991
Yu Kam Yuen, Lincoln	12,083,885	—	12,083,885

\* Mr Yu Kam Kee, Lawrence has a shareholding of 60% in Henway Enterprises Limited, the beneficial owner of 4,882,965 shares in the Company.

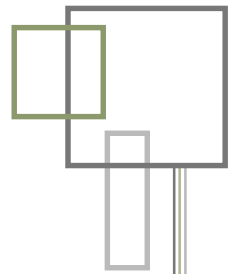
# Report of the Directors

## Directors' interests in shares and options (continued)

### (ii) Share options

Details of the share options granted to certain directors of the Company during the year and outstanding at the balance sheet date are listed below.

Name of Director	Date of grant	Period during which options are exercisable	Consideration paid for options granted HK\$	Price per share to be paid upon exercise of options HK\$	At 1 July 2000	Options issued/ (cancelled) during the year	Number of shares issued upon exercise of options during the year	
							during the year	At 30 June 2001
Yoshitaka Kitao	27-04-2000	27-05-2000 to 26-04-2001	10.00	2.05	17,772,000	(17,772,000)	—	—
	01-11-2000	01-11-2000 to 31-10-2010	—	0.48	—	27,960,000	—	27,960,000
Hiroyuki Nakanishi	27-04-2000	27-05-2000 to 26-04-2001	10.00	2.05	8,886,000	(8,886,000)	—	—
	01-11-2000	01-11-2000 to 31-10-2010	—	0.48	—	20,000,000	—	20,000,000
Katsuya Kawashima	27-04-2000	27-05-2000 to 26-04-2001	10.00	2.05	8,886,000	(8,886,000)	—	—
	01-11-2000	01-11-2000 to 31-10-2010	—	0.48	—	15,000,000	—	15,000,000
Junichi Goto (ex-director)	27-04-2000	27-05-2000 to 26-04-2001	10.00	2.05	8,886,000	(8,886,000)	—	—
	01-11-2000	01-11-2000 to 02-07-2001 *	—	0.48	—	15,000,000	(15,000,000)	—
Akira Kajikawa	27-04-2000	27-05-2000 to 26-04-2001	10.00	2.05	8,886,000	(8,886,000)	—	—
	01-11-2000	01-11-2000 to 31-10-2010	—	0.48	—	15,000,000	—	15,000,000
Chang Ming Jang	27-04-2000	27-05-2000 to 26-04-2001	10.00	2.05	12,694,000	(12,694,000)	—	—
	01-11-2000	01-11-2000 to 14-08-2001 **	—	0.48	—	15,000,000	—	15,000,000



## Directors' interests in shares and options (continued)

- \* The exercise period in respect of the option to subscribe for new ordinary shares held by Mr Junichi Goto was shortened from 31 October 2010 to 2 July 2001 as a result of the resignation of Mr Goto as executive director of the Company on 3 April 2001.
- \*\* The exercise period in respect of the option to subscribe for new ordinary shares held by Mr Chang Ming Jang was shortened from 31 October 2010 to 14 August 2001 as a result of the cessation of Mr Chang as an executive director (but remains as a non-executive director) of the Company on 15 May 2001.

In addition to the share options granted by the Company disclosed above, certain options were granted by Softbank Investment (International) Holdings Limited ("SBIH") to Asset Horizons Limited ("AHL"), a company wholly-owned by Mr Wong Sin Just, an executive director of the Company, on 6 April 2001. The options entitle AHL to purchase 56,550,000 existing issued shares of the Company beneficially held by SBIH at an exercise price of HK\$0.592 each at any time during the period from 6 April 2001 to 5 April 2011. During the year, none of these options have been exercised.

## (b) Interests in associated corporations

### (i) Shares

As at 30 June 2001, Mr Akira Kajikawa held 700 ordinary shares of JP¥50 each in Softbank Corp. and 23 ordinary shares (without par value) in Softbank Investment Corporation ("SBI").

### (ii) Share options

As at 30 June 2001, Mr Akira Kajikawa was interested in the share options entitling him to subscribe for new ordinary shares of SBI. Details of the share options are as follows:

Number of shares to be issued upon exercise of the options	:	480 shares
Date of grant	:	8 March 2000
Period during which options are exercisable	:	1 April 1999 to 31 March 2008
Consideration paid for the options	:	Nil
Price per share to be paid upon exercise of options	:	JP¥56,250.40

Save as disclosed above, as recorded in the Register at 30 June 2001, none of the directors or chief executives of the Company (including their spouses or children under the age of 18) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company or any of its associated corporations (within the meaning of the SDI Ordinance).

Other than as disclosed above, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.