

Directors' Report

董事會報告

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the development of internet systems and networks, software and proprietary technologies, provision of telecommunications services and operation of telecommunications networks, manufacture of telecommunications equipment and investments in e-commerce and telecommunications projects.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2001 are set out in the consolidated income statement on page 20 and in the accompany notes to the financial statements. An interim dividend in scrip form equivalent to 0.125 cents per share, with a cash option, was distributed to the shareholders during the year. A final dividend in scrip form equivalent to 0.15 cents per share, with a cash option, is proposed by the directors. Movements of the accumulated profits are set out in note 30 to the financial statements.

FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 67.

SHARE CAPITAL AND WARRANTS

Details of movements in the share capital and warrants of the Company during the year are set out in note 29 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

董事會同寅謹提呈截至二零零一年六月三十日止年度之業績報告及經審核財政報告。

主要業務

本公司乃一間投資控股公司。其附屬公司主要從事開發互聯網系統及網絡、軟件及專有科技，提供電訊服務及營運電訊網絡，製造電訊器材以及投資電子商貿及電訊項目。

業績及分配

本集團截至二零零一年六月三十日止年度之業績載於第20頁之綜合損益表以及財政報告附註內。股東於本年度獲派發每股相等於0.125仙按以股代息方式派發及可選擇現金之中期股息。董事會建議按以股代息方式派發相等於每股0.15仙之末期股息，可選擇收取現金。累計溢利之變動情況載於財政報告附註30。

財務摘要

本集團於過去五個財政年度之財務摘要載於第67頁。

股本及認股權證

年內本公司股本及認股權證之變動情況載於財政報告附註29。

儲備

本集團及本公司年內儲備之變動情況載於財政報告附註30。

RESERVES – Continued

The Company's reserves available for distribution represent the share premium, special reserve and accumulated profits. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following paying the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the accumulated profits of the Company of HK\$92,835,000.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred an aggregate of approximately HK\$19 million mainly in the acquisition of additional plant and machinery and telecommunications networks.

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

SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2001 are set out in note 38 to the financial statements.

ASSOCIATE

Particulars of the Group's associate at 30 June 2001 are set out in note 18 to the financial statements.

BORROWINGS

Bank and other borrowings of the Group and the Company which are repayable within one year or on demand are classified as current liabilities. Repayment analyses of the maturity of bank borrowings, other borrowings and obligations under finance leases are set out in notes 25, 26 and 27 to the financial statements respectively.

儲備 – 續

本公司可供分派之儲備為股份溢價、特別儲備及累計溢利。根據開曼群島經修訂之公司法例第二十二章，本公司之股份溢價可在公司章程大綱或細則規限下以分派或股息形式向股東派發，惟本公司必須緊隨在作出上述分派或股息派發之後仍能償還日常業務過程中到期應付之債項。根據本公司之章程細則，股息只可從本公司92,835,000港元之累計溢利中撥款派發。

物業、廠房及設備

本年度內，本集團添置約共值19,000,000港元之廠房、機器及電訊網絡。

本集團於本年度內有關物業、廠房及設備之該等及其他變動情況載於財政報告附註13。

附屬公司

於二零零一年六月三十日本公司各主要附屬公司之詳細資料載於財政報告附註38。

聯營公司

於二零零一年六月三十日有關本集團聯營公司之詳細資料載於財政報告附註18。

借貸

須於一年內或要求償還時即予償還之本集團及本公司借貸均列為流動負債。銀行借貸、其他借貸及融資租賃承擔之到期還款分析載於財政報告附註25、26及27內。

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Paul Kan Man Lok
Leo Kan Kin Leung
Sunny Lai Yat Kwong

Non-executive directors:

Terry John Miller *
Jennifer Cheung Mei Ha *
Francis Gilbert Knight *

* *Being independent non-executive directors*

In accordance with Article 99 of the Company's Articles of Association, Jennifer Cheung Mei Ha retires and, being eligible, offer herself for re-election. All other remaining directors continue in office.

No directors being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The non-executive directors have been appointed for a term subject to retirement by rotation as required by the Company's Articles of Association.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company, Kantone Holdings Limited ("Kantone") and DIGITALHONGKONG.COM, each has an executive share option scheme under which employees, including directors, of the Company, Kantone, DIGITALHONGKONG.COM or any of their subsidiaries may be granted options to subscribe for shares in Champion, Kantone and DIGITALHONGKONG.COM respectively.

(i) The Company

Details of the share option scheme of the Company are set out in note 29 to the financial statements. The share options granted by the Company are exercisable at any time for a period of three years from the date of grant. The subscription price of the option shares is the higher of the nominal value of the shares and an amount which is not less than 80% of the average of the closing prices of the shares on the five trading days immediately preceding the date of grant of the options.

董事及服務合約

本年度及截至本報告刊發日期止，本公司之董事為：

執行董事：

簡文樂
簡堅良
黎日光

非執行董事：

苗禮*
張美霞*
Francis Gilbert Knight*

* *獨立非執行董事*

根據本公司章程細則第99條規定，張美霞將退任惟願膺選連任。餘下各董事均繼續留任。

擬於應屆股東周年大會上動議連任之董事概無訂立任何本集團不能於一年內毋須補償(法定補償除外)而終止之服務合約。

獲委任之非執行董事須根據本公司章程細則之規定輪流退任。

董事購買股份或債券之權利

本公司、看通集團有限公司(「看通」)及數碼香港各設有行政人員購股權計劃，據此本公司、看通及數碼香港或其任何附屬公司之僱員(包括董事)可獲授購股權以分別認購冠軍、看通及數碼香港之股份。

(i) 本公司

本公司購股權計劃之詳情載於財政報告附註29。本公司授出之購股權可於授出日期起三年內任何時間行使。購股權所涉及股份之認購價為股份面值或不少於股份於緊接購股權授出日期之前五個交易日之平均收市價80%，兩者以較高者為準。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES - *Continued*

(i) The Company - *Continued*

Details of share options granted by the Company to the directors of the Company are as follows:

Name of director 董事姓名	Exercise period 行使期	Exercise price 行使價 HK\$ 港元	Number of options outstanding at 1.7.2000 & 30.6.2001 於二零零零年七月一日及 二零零一年六月三十日 尚未行使之購股權數目
Leo Kan Kin Leung 簡堅良	30.4.1999 to 29.4.2002 一九九九年四月三十日至二零零二年四月二十九日	0.17328	15,000,000
	8.2.2000 to 7.2.2003 二零零零年二月八日至二零零三年二月七日	0.4656	1,000,000
Sunny Lai Yat Kwong 黎日光	30.4.1999 to 29.4.2002 一九九九年四月三十日至二零零二年四月二十九日	0.17328	15,000,000
	8.2.2000 to 7.2.2003 二零零零年二月八日至二零零三年二月七日	0.4656	1,000,000

(ii) Kantone

The share options granted by Kantone are exercisable at any time for a period as may be determined by its directors. The subscription price of the option shares is the higher of the nominal value of the shares and an amount which is 80% of the average of the closing prices of the shares on the five trading days immediately preceding the date of grant of the options.

At the beginning of the year, there were 5,000,000 share options of Kantone exercisable at an exercise price of HK\$0.3712 per share held by Sunny Lai Yat Kwong. These share options were lapsed on 4 February 2001.

(iii) DIGITALHONGKONG.COM

The share options granted by DIGITALHONGKONG.COM are exercisable at any time for a period as may be determined by its directors, which shall be not less than three years and not more than ten years from the date of issue of the relevant options. The subscription price of the option shares is the higher of the nominal value of the shares, an amount which is the closing price per share on the date of grant and an amount which is the average of the closing prices of the shares on the five trading days immediately preceding the date of grant of the options. No share option was granted by DIGITALHONGKONG.COM to directors of the Company since its adoption.

董事購買股份或債券之權利 - 續

(i) 本公司 - 續

本公司向本公司董事授出之購股權詳情如下：

Exercise price 行使價 HK\$ 港元	Number of options outstanding at 1.7.2000 & 30.6.2001 於二零零零年七月一日及 二零零一年六月三十日 尚未行使之購股權數目
0.17328	15,000,000
0.4656	1,000,000
0.17328	15,000,000
0.4656	1,000,000

(ii) 看通

看通授出之購股權可於其董事所釐定之期間內任何時候行使。購股權所涉股份之認購價為股份面值或不少於股份於緊接購股權授出日期之前五個交易日之平均收市價80%，兩者以較高者為準。

本年初，黎日光持有5,000,000份可以按行使價每股0.3712港元行使之看通購股權。此等購股權已於二零零一年二月四日失效。

(iii) 數碼香港

數碼香港授出之購股權可於其董事所釐定之期間內任何時間行使，惟所釐定之期間不可少於有關購股權發行日期起計三年及不可多於有關購股權發行日期起計十年。購股權所涉之股份之認購價為股份面值、股份於授出日期之每股收市價或股份於緊接購股權授出日期之前五個交易日之平均收市價，三者以較高者為準。自採納以來，數碼香港並無向本公司董事授出任何購股權。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES - *Continued*

Other than the share option schemes described above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, none of the directors, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2001, the interests of the directors and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

(i) The Company

(i) 本公司

Name of director	董事姓名	Number of shares 股份數目	Number of warrants 認股權證數目
Paul Kan Man Lok (Note 1)	簡文樂 (附註1)	2,097,277,694	413,104,336
Leo Kan Kin Leung	簡堅良	—	—
Sunny Lai Yat Kwong	黎日光	—	—
Terry John Miller	苗禮	—	—
Jennifer Cheung Mei Ha	張美霞	—	—
Francis Gilbert Knight	Francis Gilbert Knight	—	—

(ii) Kantone

(ii) 看通

Name of director	董事姓名	Number of shares 股份數目
Paul Kan Man Lok	簡文樂	Note 2 附註2
Leo Kan Kin Leung	簡堅良	—
Sunny Lai Yat Kwong	黎日光	—
Terry John Miller	苗禮	—
Jennifer Cheung Mei Ha	張美霞	—
Francis Gilbert Knight	Francis Gilbert Knight	—

(iii) DIGITALHONGKONG.COM

(iii) 數碼香港

Name of director	董事姓名	Number of shares 股份數目
Paul Kan Man Lok	簡文樂	Note 3 附註3
Leo Kan Kin Leung	簡堅良	—
Sunny Lai Yat Kwong	黎日光	—
Terry John Miller	苗禮	—
Jennifer Cheung Mei Ha	張美霞	—
Francis Gilbert Knight	Francis Gilbert Knight	—

董事購買股份或債券之權利 — 續

除上文所述之購股權計劃外，本公司或其任何附屬公司於年內任何時間概無參與任何安排，以致本公司董事可透過購入本公司或任何其他法人團體之股份或債券而獲益。

除上文所披露者外，各董事或其配偶及未滿18歲之子女概無任何可認購本公司證券之權利，亦無於本年度內行使任何此等權利。

董事之證券權益

根據香港證券(披露權益)條例(「披露權益條例」)第29條由本公司所保存之名冊記錄所示，於二零零一年六月三十日，各董事及其聯繫人士於本公司及其聯營公司之證券權益如下：

DIRECTORS' INTERESTS IN SECURITIES – Continued

Notes:

- 2,097,277,694 shares and 413,104,336 units of warrants with subscription rights of approximately HK\$87,165,015 of the Company were owned by Lawnside International Limited (“Lawnside”). Each warrant entitles the holder thereof to subscribe in cash at an initial subscription price of HK\$0.211 per share, subject to adjustments. The warrants will expire on 22 December 2001. Lawnside is wholly owned by Lanchester Limited. Lanchester Limited is a company beneficially owned by a discretionary trust, the eligible discretionary objects of which include Paul Kan Man Lok and his family members and staff of Champion and its subsidiaries. Currently only Paul Kan Man Lok and his family are discretionary objects of the trust. These shares and warrants are classified as other interests under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- 632,970,351 shares are held by the Company and 199,542,210 shares are held by Lawnside. These are classified as other interests under the Listing Rules.
- 117,300,000 shares were held by the Company and 2,669,171 shares were held by Lawnside. These are classified as other interests under the Listing Rules.

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, none of the directors or any of their associates had any interest in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance as at 30 June 2001.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Company and its subsidiaries other than Kantone Holdings Limited, a 57% owned subsidiary of the Company, and its subsidiaries (the “Kantone Group”), and DIGITALHONGKONG.COM, a 78% owned subsidiary of the Company, and its subsidiaries (the “DIGITALHK Group”) had the following transactions with the Kantone Group and the DIGITALHK Group:

		Transactions with the Kantone Group 與看通集團之交易 HK\$'000 千港元	Transactions with the DIGITALHK Group 與數碼香港集團之交易 HK\$'000 千港元
Purchases of pagers and paging systems	購買傳呼機及傳呼系統	1,369	—
Fees received for the provision of office premises and facilities, and management services	收取提供辦公室及設施及管理服務費用	1,200	—
Fees received for the provision of internet related services	收取使用有關互聯網服務之費用	5	—
Registration fee, annual fee and technical fee paid	支付登記費、年費及技術費用	—	3,921
Administration fees received	收取行政費用	—	3,000

董事之證券權益 — 續

附註:

- 2,097,277,694股本公司股份及附有約87,165,015港元認股權之413,104,336份認股權證由Lawnside International Limited (「Lawnside」) 所擁有。各認股權證擁有人有權以現金每股0.211港元(可予調整)之初步認購價認購股份。該等認股權證將於二零零一年十二月二十二日失效。Lawnside由Lanchester Limited全資擁有。Lanchester Limited乃一間由一項合資格受益人包括簡文樂及其家族成員以及冠軍及其附屬公司之若干員工之信託所實益擁有之公司。目前只有簡文樂先生及其家族成員為上述信託之全權受益人。此等股份及認股權證已根據香港聯合交易所有限公司證券上市規則(「上市規則」)被列為其他權益。
- 632,970,351股股份由本公司持有,而199,542,210股股份則由Lawnside持有。此等權益根據上市規則被列為其他權益。
- 117,300,000股股份由本公司持有,而2,669,171股股份則由Lawnside持有。此等權益根據上市規則被列為其他權益。

除上文所披露者及由董事以本公司或其附屬公司之受託人名義持有之若干附屬公司之若干代理人股份外,於二零零一年六月三十日,各董事或彼等任何聯繫人士並無擁有本公司或其任何附屬公司(定義見披露權益條例)之任何證券權益。

董事於合約及關連交易之權益

本年度內,本公司及其附屬公司(本公司持有57%股權之附屬公司:看通集團有限公司及其附屬公司(「看通集團」)以及本公司持有78%股權之附屬公司數碼香港及其附屬公司(「數碼香港集團」)除外)曾與看通集團及數碼香港集團進行下列交易:

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS - *Continued*

In the opinion of the independent directors of the Company, the above transactions were carried out in the usual course of business and on normal commercial terms.

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above under directors' interests in securities, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the warrants and share options as set out in note 29 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 June 2001 and there was no exercise of convertible securities, options, warrants or similar rights during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2001, the aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively represented less than 30% of the Group's total turnover and purchases.

董事於合約及關連交易之權益 - 續

本公司之獨立董事認為上述交易乃按日常業務程序及一般商業條款進行。

除上文所披露者外，本公司董事在本公司或其任何附屬公司所參與，且在本年度結束時仍然有效或在本年度內任何時間訂立之重大合約中，概無直接或間接擁有權益。

主要股東

於二零零一年六月三十日，除上文「董事之證券權益」一節所披露之權益外，根據披露權益條例第16(1)條所保存之主要股東名冊所顯示，本公司並無接獲通知有任何人士持有本公司10%或以上之已發行股本。

可換股證券、購股權、認股權證或類似權利

除財政報告附註29所載之認股權證及購股權外，於二零零一年六月三十日，本公司並無任何尚未行使之可換股證券、購股權、認股權證或其他類似權利。於本年度內並無行使任何可換股證券、購股權、認股權證或類似權利。

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於本年度內概無購買、出售或贖回任何本公司之上市證券。

優先購股權

本公司之公司細則及開曼群島法例並無載有任何優先購買權之規定，規定本公司須按比例向現有股東提呈發售新股。

主要客戶及供應商

於截至二零零一年六月三十日止年度，本集團五大客戶及供應商所佔之營業額及購貨額佔本集團之營業總額及購貨總額分別不足30%。

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDITORS

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

On behalf of the Board

Paul KAN Man Lok

Chairman

Hong Kong

22 October 2001

企業管治

董事認為，本公司全年一直遵照上市規則附錄十四所載之最佳應用守則行事。

核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東周年大會上提呈。

承董事會命

主席

簡文樂

香港

二零零一年十月二十二日