

Directors' Report

董事會報告

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and distribution of radio and internet-based communications systems and equipment and investments in e-commerce projects.

RESULTS

The results of the Group of the year ended 30 June 2001 are set out in the consolidated income statement on page 20 and in the accompanying notes to the financial statements. The directors do not recommend the payment of a dividend and propose that the profit for the year be retained. Movements of the accumulated profits are set out in note 27 to the financial statements.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 54.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share option scheme of the Company during the year are set out in note 26 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 27 to the financial statements.

The Company's reserves available for distribution represent the special reserve and accumulated profits. In accordance with the Company's Articles of Association, dividends can only be distributed out of the accumulated profits of the Company of HK\$3,557,000.

董事會同寅謹提呈截至二零零一年六月三十日止年度本公司及其附屬公司(以下統稱「本集團」)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設計、製造及分銷無線電及互聯網輔助通訊系統及器材以及投資電子商貿項目。

業績

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頁之綜合損益表及隨附之財政報告附註內。董事不建議派發股息，並擬將本年度之溢利保留。累計溢利之變動情況載於財政報告附註27。

財務摘要

本集團之財務摘要列於本年報第54頁。

股本及購股權計劃

本公司股本及購股權計劃之變動情況載於財政報告附註26。

儲備

本集團及本公司於本年度內之儲備變動情況載於財政報告附註27。

本公司可供分派之儲備為特別儲備及累計溢利。根據本公司之章程細則，股息只可從本公司3,557,000港元之累計溢利中撥款派發。

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired additional property, plant and equipment of approximately HK\$17.7 million to expand its continuing business. Details of movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 30 June 2001 are set out in note 36 to the financial statements.

BORROWINGS

Borrowings 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 22, 23 and 24 to the financial statements respectively.

No interest was capitalised by the Group during the year.

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
Sunny Lai Yat Kwong
Michael Walker
Kan Man Lee (resigned on 30 June 2001)

Non-executive directors:

Poon Shun Kwok*
Ronald Chow Mei Tak*
Leo Kan Kin Leung (appointed on 30 June 2001)
Liang Xiong Jian* (appointed on 9 July 2001)

* Being independent non-executive directors

In accordance with Article 87 of the Company's Articles of Association, Poon Shun Kwok and Ronald Chow Mei Tak retire by rotation and do not offer themselves for re-election. All other directors continue in office.

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

物業、廠房及設備

於本年度內，為擴展業務，本集團添置約共值17,700,000港元之物業、廠房及設備。本集團於本年度內有關物業、廠房及設備之變動情況載於財政報告附註12。

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36。

借貸

須於一年內或要求償還時即予償還之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償還分析分別載於財政報告附註22、23及24。

於本年度內，本集團概無將任何利息撥作資本。

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
黎日光
旺格
簡文利 (於二零零一年六月三十日辭任)

非執行董事：

潘順國*
周美德*
簡堅良 (於二零零一年六月三十日獲委任)
梁雄健* (於二零零一年七月九日獲委任)

* 獨立非執行董事

根據本公司章程細則第87條規定，潘順國及周美德將退任而不膺選連任，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與本公司或其任何附屬公司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。

DIRECTORS AND SERVICE CONTRACTS – *Continued*

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

(i) The Company

Pursuant to the Company's share option scheme, details of which are set out in note 26 to the financial statements, certain directors have been granted options to subscribe for shares in the Company.

Kan Man Lee and each of Sunny Lai Yat Kwong and Michael Walker held 7,000,000 share options and 5,000,000 shares options respectively at an exercise price of HK\$0.3712 at the beginning of the year and the options were lapsed on 4 February 2001.

(ii) Champion

Champion has a share option scheme under which Champion may grant options to directors and employees of Champion or its subsidiaries to subscribe for shares in Champion, subject to a maximum of 10% of the issued share capital of Champion from time to time. Options granted 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 – 續

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、其最終控股公司冠軍科技集團有限公司（「冠軍」）及同系附屬公司數碼香港各設有行政人員購股權計劃，據此本公司、冠軍及數碼香港或其各自之附屬公司之僱員（包括執行董事）可獲授購股權以分別認購本公司、冠軍及數碼香港之股份。

(i) 本公司

根據本公司之購股權計劃（詳情載於財政報告附註26），若干董事已獲授予購股權以認購本公司股份。

於本年初，簡文利持有7,000,000份，黎日光及旺格各持5,000,000份行使價為0.3712港元之購股權。此等購股權已於二零零一年二月四日失效。

(ii) 冠軍

冠軍設有購股權計劃，根據此計劃，冠軍可向冠軍或其附屬公司之董事及僱員授出購股權以認購冠軍股份，惟股份數目總額最多不得超過冠軍當時已發行股本之10%。授出之購股權可於授出日期後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授出購股權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*

(ii) **Champion - *Continued***

Details of share options granted by Champion 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	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
		HK\$ 港元	
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	0.46560	1,000,000
Kan Man Lee 簡文利	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	0.46560	1,000,000
	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
Leo Kan Kin Leung 簡堅良	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	0.46560	1,000,000

(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.

Other than the share option schemes described above, at no time during the year was the Company, its holding company, any of its subsidiaries or fellow 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.

董事購買股份或債券之權利 - 續

(ii) **冠軍 - 續**

冠軍向本公司董事授出之購股權詳情如下：

Name of director 董事姓名	Exercise period 行使期	Exercise price 行使價	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
		HK\$ 港元	
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	0.46560	1,000,000
Kan Man Lee 簡文利	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	0.46560	1,000,000
	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
Leo Kan Kin Leung 簡堅良	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	0.46560	1,000,000

(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。購股權所涉及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。

除上文所述之購股權計劃外，本公司、其控股公司、其任何附屬公司或同系附屬公司在本年度內任何時間均無參與任何安排，致使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得利益。

除上文所披露者外，各董事或彼等之配偶及年齡未滿十八歲之子女概無可認購本公司證券之任何權利，亦無在本年度內行使任何該等權利。

DIRECTORS' INTERESTS IN SECURITIES

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:

Name of director	董事姓名	Number of shares 股份數目	Number of warrants 認購權證數目
<i>Securities of the Company</i>			
Paul Kan Man Lok	簡文樂	Note 1 附註1	—
Sunny Lai Yat Kwong	黎日光	—	—
Michael Walker	旺格	—	—
Kan Man Lee	簡文利	—	—
Poon Shun Kwok	潘順國	—	—
Ronald Chow Mei Tak	周美德	—	—
Leo Kan Kin Leung	簡堅良	—	—
Liang Xiong Jian	梁雄健	—	—
<i>Securities of Champion</i>			
Paul Kan Man Lok	簡文樂	2,097,277,694	413,104,336
		Note 2 附註2	Note 2 附註2
Sunny Lai Yat Kwong	黎日光	—	—
Michael Walker	旺格	—	—
Kan Man Lee	簡文利	—	—
Poon Shun Kwok	潘順國	—	—
Ronald Chow Mei Tak	周美德	—	—
Leo Kan Kin Leung	簡堅良	—	—
Liang Xiong Jian	梁雄健	—	—
<i>Securities of DIGITALHONGKONG.COM</i>			
Paul Kan Man Lok	簡文樂	Note 3 附註3	—
Sunny Lai Yat Kwong	黎日光	—	—
Michael Walker	旺格	—	—
Kan Man Lee	簡文利	—	—
Poon Shun Kwok	潘順國	—	—
Ronald Chow Mei Tak	周美德	—	—
Leo Kan Kin Leung	簡堅良	—	—
Liang Xiong Jian	梁雄健	—	—

Notes:

- 632,970,351 shares of the Company were held by Champion and 199,542,210 shares were held by Lawnside International Limited ("Lawnside"). Lawnside is wholly owned by Lanchester Limited which 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 members are discretionary objects of the trust. As at 30 June 2001, Lawnside had interests in approximately 35.35% of the entire interest of Champion and was accordingly deemed to have an interest in these shares which were owned by Champion. These are classified as other interests under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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：

Name of director	董事姓名	Number of shares 股份數目	Number of warrants 認購權證數目
<i>Securities of the Company</i>			
Paul Kan Man Lok	簡文樂	Note 1 附註1	—
Sunny Lai Yat Kwong	黎日光	—	—
Michael Walker	旺格	—	—
Kan Man Lee	簡文利	—	—
Poon Shun Kwok	潘順國	—	—
Ronald Chow Mei Tak	周美德	—	—
Leo Kan Kin Leung	簡堅良	—	—
Liang Xiong Jian	梁雄健	—	—
<i>Securities of Champion</i>			
Paul Kan Man Lok	簡文樂	2,097,277,694	413,104,336
		Note 2 附註2	Note 2 附註2
Sunny Lai Yat Kwong	黎日光	—	—
Michael Walker	旺格	—	—
Kan Man Lee	簡文利	—	—
Poon Shun Kwok	潘順國	—	—
Ronald Chow Mei Tak	周美德	—	—
Leo Kan Kin Leung	簡堅良	—	—
Liang Xiong Jian	梁雄健	—	—
<i>Securities of DIGITALHONGKONG.COM</i>			
Paul Kan Man Lok	簡文樂	Note 3 附註3	—
Sunny Lai Yat Kwong	黎日光	—	—
Michael Walker	旺格	—	—
Kan Man Lee	簡文利	—	—
Poon Shun Kwok	潘順國	—	—
Ronald Chow Mei Tak	周美德	—	—
Leo Kan Kin Leung	簡堅良	—	—
Liang Xiong Jian	梁雄健	—	—

附註：

- 632,970,351股股份由冠軍持有而199,542,210股股份由Lawnside International Limited(「Lawnside」)持有。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員工之全權信託所實益擁有之公司。目前信託全權受益人僅為簡文樂及其家族成員。於二零零一年六月三十日，Lawnside於冠軍全部股權中擁有約35.35%權益，故被視為於冠軍擁有之此等股份中擁有權益。此等股份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。

DIRECTORS' INTERESTS IN SECURITIES - Continued

Notes: - Continued

- These shares and warrants were held by Lawnside. The warrants were issued by Champion pursuant to a bonus issue effected on 22 December 2000, all of which will be expired on 22 December 2001. These are classified as other interests under the Listing Rules.
- 117,300,000 of these shares were held by Champion and 2,669,171 of these 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 Group had transactions with Champion or its subsidiaries as follows:

Nature of transactions

- Sales of pagers and paging systems by the Group to subsidiaries of Champion
- Fees paid by the Group to Champion and its subsidiaries for the provision of office premises and facilities, and management services
- Service fees paid by the Group to Champion and its subsidiaries for the provision of internet related services

In the opinion of the independent non-executive 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, its holding company, any of its subsidiaries or fellow 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 shows that, other than the interests disclosed above under directors' interests in securities, the Company has not been notified of any interests representing 10% or more of the Company's issued share capital.

董事之證券權益 - 續

附註：- 續

- 此等股份及認股權證由Lawnside持有。此等認股權證由冠軍根據於二零零零年十二月二十二日生效之紅股派發而發行，所有此等認股權證將於二零零一年十二月二十二日到期。此等股份根據上市規則被列為其他權益。
- 此等股份中117,300,000股由冠軍持有，其中2,669,171股則由Lawnside持有。此等股份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。

各董事於合約及關連交易之權益

於本年度內，本集團與冠軍或其附屬公司曾進行下列交易：

交易類別	HK\$'000 千港元
本集團向冠軍若干附屬公司出售傳呼機及傳呼系統	1,369
本集團向冠軍及其附屬公司支付使用辦公室及其設備及管理服務之費用	1,200
本集團向冠軍及其附屬公司支付使用互聯網相關服務之服務費	5

本公司之獨立非執行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、其控股公司、其任何附屬公司或同系附屬公司參與訂立，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，除上述董事之證券權益所披露之權益外，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%或以上已發行股本。

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the share option scheme as set out in note 26 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.

POST BALANCE SHEET EVENT

Details of a significant post balance sheet event are set out in note 37 to the financial statements.

CORPORATE GOVERNANCE

The Company has complied throughout the year with those paragraphs of 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

可換股證券、購股權、認股權證或類似權利

除財政報告附註26所載之購股權計劃外，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

本公司之公司細則或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

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%。

結算日後事項

結算日後重大事項之詳情載於財政報告附註37。

企業管治

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之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