

The directors present their annual report and the audited financial statements for the year ended 31st March, 2002.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 49 to the financial statements.

### RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 22 of the annual report.

### SHARE CAPITAL

During the year, the Company underwent a capital reorganisation and reduction, details of this and other movements in the authorised and issued share capital are set out in note 33 to the financial statements.

### CONVERTIBLE BONDS

During the year, the Company issued non-interest bearing convertible bonds due 2004 with an aggregate principal amount of HK\$351 million at a discount of 5% and redeemed all the outstanding 10% convertible bonds and HK\$256.8 million of the 7.5% convertible bonds. The net proceeds of approximately HK\$266.3 million was used to redeem the existing convertible bonds, to settle the accrued interest of convertible bonds and to provide general working capital of the Group. Details of these and other movements in the convertible bonds are set out in note 32 to the financial statements.

### INVESTMENT PROPERTIES

The Group's investment properties were revalued at 31st March, 2002 on an open market value basis. Details are set out in note 14 to the financial statements.

A summary of the investment properties held by the Group at 31st March, 2002 is set out on page 66 of the annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

### DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

#### Executive directors:

Chan Hung Lit, Simon (*Chairman*)

Cheung Kwai Sun, Roger (*Deputy Chairman*)

Lee Sze Kwong, William (*Managing Director*)

Lo Siu Wah

Li Wing Kin

Sam Zuchowski

Ma Kwok Leung

(*resigned on 23rd October, 2001*)

(*resigned on 3rd October, 2001*)

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)

### Independent non-executive directors:

Lai Hin Wing, Henry	
Chan Kam Wing, Jack	<i>(appointed on 30th May, 2002)</i>
Tsang Yim Fan, Josephine	<i>(appointed on 12th July, 2001 and resigned on 28th March, 2002)</i>
Wong Kai Tat	<i>(resigned on 4th June, 2002)</i>

In accordance with clauses 86(2) and 87(3) of the Company's bye-laws, Messrs. Chan Kam Wing, Jack and Cheung Kwai Sun, Roger will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period up to his/her retirement as required by the Company's Bye-laws, or for a period of two years from date of appointment.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any 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.

## DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2002, save for the interests disclosed under the sections headed "Share Option Schemes" and "Directors' rights to acquire shares or debentures" below, none of the directors of the Company had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company under Section 29 of the SDI Ordinance.

## SHARE OPTION SCHEMES

The Company's share option schemes were adopted for the primary purpose of providing incentives to directors and eligible employees.

Pursuant to the Company's share option scheme adopted on 16th August, 1990 (the "1990 Scheme") which expired on 15th August, 2000, the directors of the Company may grant options without consideration to directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company. Options granted are exercisable at any time during the three year period after the date the options are granted. Options granted should be accepted within 21 days from the date of offer.

The price per share payable on the exercise of an option is equal to the higher of the nominal value of the shares or 80% of the average of the closing price on the five trading days immediately preceding the date of offer of an option as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

No option shall be granted under the 1990 Scheme which would result in the aggregate number of shares issued or issuable under the 1990 Scheme to exceed 10% of the issued share capital of the Company from time to time.

No eligible person shall be granted an option or options for such number of shares which in aggregate would exceed 25% of the total number of shares for which options may be granted under the 1990 Scheme mentioned above.

At the date of this report, there were no options available for issue under the 1990 Scheme.

**SHARE OPTION SCHEMES (continued)**

Details of the movements of the options under the 1990 Scheme during the year and the outstanding options at 31st March, 2002 are as follows:

Name of director	Date of grant	Exercise price per share* HK\$	Number of share options		
			Outstanding at 1.4.2001*	Lapsed on resignation during the year	Outstanding at 31.3.2002
Category 1: Executive directors					
Lee Sze Kwong, William	30.10.1999	16.92	68,736	–	68,736
	4.1.2000	29.15	34,368	–	34,368
	5.1.2000	31.56	1,489	–	1,489
	6.1.2000	33.10	8,019	–	8,019
	20.1.2000	37.36	69,882	–	69,882
	24.3.2000	17.17	78,474	–	78,474
Lo Siu Wah	4.1.2000	29.15	97,377	–	97,377
	5.1.2000	31.56	2,864	–	2,864
	6.1.2000	33.10	24,058	–	24,058
	20.1.2000	37.36	209,073	–	209,073
	24.3.2000	17.17	206,209	–	206,209
Cheung Kwai Sun, Roger	4.1.2000	29.15	34,368	–	34,368
	5.1.2000	31.56	1,489	–	1,489
	6.1.2000	33.10	8,019	–	8,019
	20.1.2000	37.36	69,882	–	69,882
	24.3.2000	17.17	68,736	–	68,736
Sam Zuchowski	30.10.1999	16.92	429,602	(429,602)	–
	4.1.2000	29.15	97,377	(97,377)	–
	5.1.2000	31.56	2,864	(2,864)	–
	6.1.2000	33.10	24,058	(24,058)	–
	20.1.2000	37.36	209,073	(209,073)	–
	24.3.2000	17.17	206,209	(206,209)	–
Ma Kwok Leung	4.1.2000	29.15	34,368	(34,368)	–
	5.1.2000	31.56	1,489	(1,489)	–
	6.1.2000	33.10	8,019	(8,019)	–
	20.1.2000	37.36	69,882	(69,882)	–
	24.3.2000	17.17	68,736	(68,736)	–
Total executive directors			2,134,720	(1,151,677)	983,043

## SHARE OPTION SCHEMES (continued)

Name of director	Date of grant	Exercise price per share* HK\$	Number of share options		
			Outstanding at 1.4.2001*	Lapsed on resignation during the year	Outstanding at 31.3.2002
Category 2: Employees					
Total employees	30.10.1999	16.92	515,523	–	515,523
	4.1.2000	29.15	98,693	–	98,693
	5.1.2000	31.56	6,989	–	6,989
	6.1.2000	33.10	25,203	–	25,203
	20.1.2000	37.36	209,073	–	209,073
	24.3.2000	17.17	209,074	–	209,074
			<u>1,064,555</u>	<u>–</u>	<u>1,064,555</u>
Total all categories			<u>3,199,275</u>	<u>(1,151,677)</u>	<u>2,047,598</u>

\* The exercise price per share and the number of the share options outstanding at 1st April, 2001 have been adjusted for the effects of the consolidation of the Company's shares and the open offer during the year.

Pursuant to the Company's share option scheme adopted on 23rd August, 2000 (the "2000 Scheme") which was terminated on 15th February, 2002, the Company may grant options to directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration of HK\$1. Options granted are exercisable at any time during a maximum period of ten years after the date the options are granted. Options granted should be accepted within 21 days from the date of offer.

The subscription price of any option shall be not less than the higher of 80% of the average of the closing prices of the shares as quoted on the Stock Exchange on the five trading days immediately preceding the date of offer of an option or the nominal value of the shares.

The maximum number of shares in respect of which options may be granted under the 2000 Scheme may not exceed 10% of the issued share capital of the Company from time to time.

No option may be granted to any one person which, if exercised in full, will result in the total number of shares already issued and which may fall to be issued to him under all the options previously granted to him pursuant to the 2000 Scheme exceeding 25% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the 2000 Scheme.

At the date of this report, there were no options available for issue under the 2000 Scheme.

### SHARE OPTION SCHEMES (continued)

The fair value of the options granted in the current year under the 2000 Scheme, measured as at 24th May, 2001, 11th June, 2001 and 22nd August, 2001 being the dates of grant, totalled approximately HK\$937,000, HK\$504,000 and HK\$482,000, respectively. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility of 112.8% based on historical volatility; and
2. the Hong Kong Exchange Fund Notes rate of 2.79% and based on the estimated expected life of one year.

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited, due to lack of historical data.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

No charge is recognised in the income statement in respect of the value of options granted in the year.

The closing prices of the Company's shares immediately before 24th May, 2001, 11th June, 2001 and 22nd August, 2001, being the dates of grant of options during the year, were HK\$0.62, HK\$0.69 and HK\$0.25, respectively.

The weighted average closing prices of the Company's shares immediately before the dates on which the options were exercised was HK\$0.44.

**SHARE OPTION SCHEMES (continued)**

Details of the movements of the options under 2000 Scheme during the year and the outstanding options at 31st March, 2002 are as follows:

Name of director	Date of grant	Exercise price per share* HK\$	Number of share options				Outstanding at 31.3.2002
			Outstanding at 1.4.2001*	Granted during the year	Exercised during the year	Lapsed on resignation during the year	
Category 1: Executive directors							
Lee Sze Kwong,	26.8.2000	8.790	444,495	-	-	-	444,495
William	21.2.2001	1.740	57,280	-	-	-	57,280
	22.8.2001	0.216	-	2,000,000	(2,000,000)	-	-
Lo Siu Wah	26.8.2000	8.790	1,288,808	-	-	-	1,288,808
	28.8.2000	8.790	372,322	-	-	-	372,322
	21.2.2001	1.740	68,736	-	-	-	68,736
Cheung Kwai Sun,	26.8.2000	8.790	229,121	-	-	-	229,121
Roger	21.2.2001	1.740	57,280	-	-	-	57,280
Sam Zuchowski	26.8.2000	8.790	229,121	-	-	(229,121)	-
	21.2.2001	1.740	68,736	-	-	(68,736)	-
Ma Kwok Leung	26.8.2000	8.790	229,121	-	-	(229,121)	-
	21.2.2001	1.740	57,280	-	-	(57,280)	-
	22.8.2001	0.216	-	2,040,000	(2,040,000)	-	-
Total executive directors			3,102,300	4,040,000	(4,040,000)	(584,258)	2,518,042
Category 2: Employees							
Total employees	26.8.2000	8.790	1,562,622	-	-	(1,125,000)	437,622
	28.8.2000	8.790	325,000	-	-	(325,000)	-
	29.8.2000	9.920	80,000	-	-	(80,000)	-
	21.2.2001	1.740	693,093	-	-	-	693,093
	24.5.2001	0.474	-	2,950,000	(2,950,000)	-	-
	11.6.2001	0.602	-	1,540,000	(1,540,000)	-	-
			2,660,715	4,490,000	(4,490,000)	(1,530,000)	1,130,715
Total all categories			5,763,015	8,530,000	(8,530,000)	(2,114,258)	3,648,757

\* The exercise price per share and the number of the share options outstanding at 1st April, 2001 have been adjusted for the effects of the consolidation of the Company's shares and the open offer during the year.

### SHARE OPTION SCHEMES (continued)

On 15th February, 2002, the Company adopted a new share option scheme (the "2002 Scheme") which will expire on 14th February, 2012. Pursuant to the 2002 Scheme, the Company may grant options to directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration of HK\$10. The subscription price for the shares under the 2002 Scheme shall be a price determined by the directors of the Company being at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant, or the average closing price of the shares stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date the options are granted. Options granted should be accepted within 21 days from the date of offer.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other schemes shall not exceed 10% of the shares in issue at the date on which the 2002 Scheme becomes unconditional (the "Mandate Limit"). Options lapsed will not be counted for the purpose of calculating the Mandate Limit. For the avoidance of doubt, the share underlying the options which have been cancelled and have not lapsed will be counted as part of the Mandate Limit.

The Mandate Limit may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other share option schemes must not exceed 10% of the shares in issue at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2002 Scheme and the other share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2002 Scheme and the other share option schemes of the Company or exercised options) will not be counted for the purpose of calculating the refreshed 10%.

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to employees specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of shares issued and to be issued upon exercise of the options granted to each employee (including both exercised and outstanding options) in any twelve month period must not exceed 1% of the shares of the Company in issue. Where any further grant of options to an employee would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the shareholders in general meeting with such employee and his associates abstaining from voting.

However, the overall limit on the number of shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

At the date of this report, the number of shares in respect of which options had been granted under the 2002 Scheme was 20,648,000 representing 2.88% of the shares of the Company in issue at that date.

### SHARE OPTION SCHEMES (continued)

The fair value of the options granted in the current year under the 2002 Scheme, measured as at 21st March, 2002 being the date of grant, totalled approximately HK\$544,000. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility of 112.80% based on historical volatility; and
2. the Hong Kong Exchange Fund Notes rate of 2.79% and based on the estimated expected life of one year.

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited, due to lack of historical data.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

No charge is recognised in the income statement in respect of the value of options granted in the year.

The closing prices of the Company's shares immediately before 21st March, 2002, being the date of grant of options during the year, were HK\$0.07.



**SHARE OPTION SCHEMES (continued)**

Details of share options granted under 2002 Scheme during the year and outstanding at 31st March, 2002 are as follows:

<u>Name of director</u>	<u>Date of grant</u>	<u>Exercise price per share</u> HK\$	<u>Number of share options granted during the year and outstanding as at 31.3.2002</u>
<u>Category 1: Executive directors</u>			
Chan Hung Lit, Simon	21.3.2002	0.086	3,270,000
Lee Sze Kwong, William	21.3.2002	0.086	2,350,000
Lo Siu Wah	21.3.2002	0.086	2,200,000
Cheung Kwai Sun, Roger	21.3.2002	0.086	3,200,000
Li Wing Kin	21.3.2002	0.086	<u>2,200,000</u>
Total executive directors			<u>13,220,000</u>
<u>Category 2: Independent non-executive directors</u>			
Lai Hing Wing, Henry	21.3.2002	0.086	366,000
Wong Kai Tat	21.3.2002	0.086	366,000
Tsang Yim Fan, Josephine	21.3.2002	0.086	<u>366,000</u>
Total independent non-executive directors			<u>1,098,000</u>
<u>Category 3: Employees</u>			
Total employees	21.3.2002	0.086	<u>6,330,000</u>
Total all categories			<u><u>20,648,000</u></u>

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

Other than the share option schemes as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors, or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

### SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that no person was interested in 10% or more of the nominal value of the issued ordinary shares of the Company. The Company has not been notified of any interests as at 31st March, 2002 representing 10% or more of the issued share capital of the Company.

### DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid legal and professional fees totalling HK\$62,000 for services rendered by a firm of solicitors, P.C.Woo & Co., in which Mr. Lai Hin Wing, Henry is a partner of the firm.

Save as disclosed above, there were no other 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, subsisting at the end of the year or at any time during the year.

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 33% and 83%, respectively of the Group's total turnover for the year. One of the Group's five largest customers was its associate, Legend Power System Inc..

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 69% and 97%, respectively of the Group's total purchases for the year.

None of the directors, their associates, or any shareholders which, to the knowledge of the directors, own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

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

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

### DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$50,000.

### PRE-EMPTIVE RIGHTS

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

### APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY

Chapter 14 of the Listing Rules requires listed companies to disclose details of certain categories of transactions, to send a circular to shareholders and to publish an announcement in the newspapers giving information about certain categories of transactions and, in the case of certain material transactions or certain transactions with connected persons (as defined in the Listing Rules), to obtain shareholders' prior approval. Certain categories of transactions are not subject to any disclosure or approval requirements at all.

### APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY (continued)

As at 31st March, 2001, the Company has negative net tangible assets as a result of the requirement under the relevant accounting standards. The negative net tangible asset value of the Company does not arise as a result of operational losses in the ordinary and usual course of business during the current and/or prior financial year(s).

As a result of the negative net tangible asset value of the Company as described above, the Company may have difficulties in complying fully with those provisions of the Listing Rules which require comparisons to be made with its net tangible assets or net assets. Upon the application of the Company, on 21st December, 2001 the Stock Exchange granted the Company the right to apply the "de-minimis concession", the "modified calculation concession" and the use of the "modified assets test". Details of the approved concessions were set out in the Company's announcement dated 24th December, 2001 and described as below:

#### **Basis for the Company's application of "modified assets test"**

The Company's application for the right to apply the "modified assets test" under the modified calculation concession as described above was based on the unaudited consolidated balance sheet as at 30th September 2001 (the "Consolidated Balance Sheet"). The "modified assets" of the Group are equal to HK\$98,806,000, being gross assets (HK\$437,352,000) less intangibles (HK\$194,483,000) and current liabilities (HK\$144,063,000).

#### **Application of the de-minimis concession**

The Stock Exchange approved the Company's application for the "de-minimis concession" for notifiable transactions (other than connected transactions). Each transaction carried out in the ordinary course of business of the Group, which is entered into on normal commercial terms, and where the consideration or value of the transaction does not exceed HK\$1,000,000 would be considered as de-minimis. The "assets test" and the "consideration test" will not apply.

#### **Application of the modified calculation concession**

The Stock Exchange approved the Company's application for the "modified calculation concession" for notifiable transactions (other than connected transactions) with respect to the following items:

An "assets test" will be performed by dividing the gross assets less intangibles and current liabilities of the asset to be acquired or disposed of by the gross assets less intangibles and current liabilities of the Company.

A "consideration test" will be performed by dividing the consideration for the asset to be acquired or disposed of by the gross assets less intangibles and current liabilities of the Company.

These percentage ratios arising from the above modified tests will be used to determine the applicable disclosure or approval requirements:

- (a) Ratio of 5% or above but below 15% (HK\$4,940,300 or above but below HK\$14,820,900) – the requirements for discloseable transactions will apply;
- (b) Ratio of 15% or above but below 25% (HK\$14,820,900 or above but below HK\$24,701,500) – the requirements for major transactions will apply;
- (c) Ratio of 25% or above (HK\$24,701,500 or above) – the requirements for very substantial acquisitions will apply; and

## APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY (continued)

### Application of the modified calculation concession (continued)

- (d) For acquisition of assets (including securities but excluding cash) by the Company or any of its subsidiaries for consideration that include securities for which listing will be sought, the requirements for share transactions will apply if the ratio is less than 5% (HK\$4,940,300).

These ratios would apply only to the "assets test" and the "consideration test". The "profits test" and "equity test" will remain applicable to the Company.

### Application of the "modified assets test" under the modified calculation concession

The Stock Exchange approved the Company's application for the right to apply the "modified assets test" under the modified calculation concession with respect to the following items:

#### 1. Modified assets test only while maintaining the percentage ratios prescribed under the relevant rules

In relation to references to net tangible assets, or net assets, as applicable, in the following rules, the basis set out in the modified assets test under the modified calculation concession will be adopted as the basis for comparison to determine the relevant disclosure requirements under those rules:

Paragraph 17(2) of Appendix 7B;  
 Paragraph 5.1 of Practice Notice 13;  
 Paragraph 3(e)(ii) of Practice Notice 15;  
 Paragraph 36 of Appendix 16; and  
 Paragraph 1.3 of Practice Note 19.

Since the numerator and denominator will be using the same modified basis, there is no need to change the current percentage ratios prescribed under these rules.

#### 2. Modified assets test and different percentage ratios

For the following rules, in relation to references to net tangible assets, or net assets, as applicable, the basis set out in the modified assets test under the modified calculation concession will be adopted as the basis for comparison to determine the relevant disclosure or shareholder approval requirements. In addition, percentage ratio thresholds prescribed under those rules will be amended as a result of the change in basis:

Paragraph 15.2 of Appendix 16 – ratio of 1%(HK\$988,060);  
 Paragraph 23 of Appendix 16 – ratio of 5%(HK\$4,940,300);  
 Paragraph 3.2.1 of Practice Note 19 – ratio of 8%(HK\$7,904,480);  
 Paragraph 3.2.2 of Practice Note 19 – ratio of 3%(HK\$2,964,180); and  
 Paragraph 3.3 of Practice Note 19 – ratio of 8%(HK\$7,904,480).

#### 3. Connected transactions

In relation to references to net tangible assets set out under Rules 14.24 and 14.25 for connected transactions, the basis set out in the modified assets test under the modified calculation concession will be adopted. In addition, the percentage ratio thresholds to determine disclosure and shareholder approval requirements will be amended as follows:

In Rule 14.24(5) the threshold will be the higher of either:

- (i) HK\$1,000,000 or
- (ii) 0.01 per cent. of the modified assets basis.

## APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY (continued)

### Application of the "modified assets test" under the modified calculation concession (continued)

Based on the Company's Consolidated Balance Sheet, the relevant threshold in sub-item (ii) above is equal to HK\$9,880.

In Rule 14.25(1) the threshold will be the higher of either:

- (i) HK\$10,000,000 or
- (ii) 1 per cent. of the modified assets basis.

Based on the Company's Consolidated Balance Sheet, the relevant threshold in sub-item (ii) above is equal to HK\$988,060.

In Rule 14.25(2)(b)(i) the threshold will be 5 per cent. (HK\$4,940,300) of the modified assets basis.

### Period for which the Modified Assets Test will apply

The Stock Exchange's approved concession described above remain in effect until the publication or the due date of publication of this annual report, whichever is earlier. Accordingly, the Company will apply to the Stock Exchange for the right to apply the "de-minimis concession", the "modified calculation concession" and the "modified assets test" based on the Company's results for the year ended 31st March, 2002.

## CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2002 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

## POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 52 to the financial statements.

## AUDITORS

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

On behalf of the Board

**Lee Sze Kwong, William**

*Managing Director*

Hong Kong, 16th July, 2002