

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

Change of name

Pursuant to a special resolution passed at the adjourned Annual General Meeting held on 24th September, 2001, the name of the Company was changed from netalone.com Limited to Leaptek Limited.

Principal activities

The Company is an investment holding company. The activities of the principal subsidiaries are set out in note 34 to the financial statements.

Results and dividends

The results of the Group for the year ended 31st March, 2002 and the state of affairs of the Company and of the Group as at that date are set out in the accompanying financial statements on pages 26 to 59 of the annual report.

Dividends on convertible cumulative non-voting preference shares ("preference shares") of HK\$1.00 and HK\$0.10 each accrued at the rate of 5% per annum and 15% per annum as appropriate for the year ended 31st March, 2002, amounted to HK\$2,116,000 (2001: HK\$1,018,000) and HK\$1,775,000 (2001: HK\$1,270,000) respectively. Such dividends will be paid subject to the approval of the Board of Directors and fulfillment of Section 54 of the Companies Act 1981 of Bermuda (as amended) (the "Act"). During the year, no dividends were paid on preference shares.

The director do not recommend the payment of any dividend in respect of the year (2001: NIL)

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

Financial summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 60 of the annual report.

Property, plant and equipment

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

Share capital

Details of movements in the share capital of the Company are set out in note 21 to the financial statements.

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

Directors

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

Executive directors:

| | |
|---------------------------|--|
| Mr. Ho Te Hwai, Cecil | (appointed on 21st June, 2002) |
| Mr. Chan Kam Kwan, Jason | (appointed on 21st June, 2002) |
| Mr. Yuen Wai Ho | (appointed on 21st June, 2002) |
| Mr. Hon Tung Keung* | (appointed on 19th April, 2001 and resigned on 20th June, 2002) |
| Mr. Xu Zhi Feng | (appointed on 19th April, 2001 and resigned on 20th June, 2002) |
| Mr. Liu Sean | (appointed on 19th April, 2001 and resigned on 18th April, 2002) |
| Mr. Chen Jun Wei | (appointed on 19th April, 2001 and resigned on 20th June, 2002) |
| Mr. Chen Jun | (appointed on 19th April, 2001 and resigned on 20th June, 2002) |
| Ms. Hao Min | (appointed on 19th April, 2001 and resigned on 20th June, 2002) |
| Dr. Lo Wing Yan, William | (resigned on 19th April, 2001) |
| Mr. Ko Chun Shun, Johnson | (resigned on 29th May, 2001) |
| Mr. Li Bing Chi, Esmond | (resigned on 19th April, 2001) |
| Ms. Lee Hoi Yee, Janice | (resigned on 19th April, 2001) |
| Mr. Lai Kwok Hang, Kelvin | (resigned on 19th April, 2001) |

Directors *(continued)***Non-executive directors:**

| | |
|-----------------------------------|---|
| Mr. Wilton Timothy Carr Ingram ** | (appointed on 21st June, 2002) |
| Mr. Pun Kin Wa | (appointed on 21st June, 2002 and resigned on 26th September, 2002) |
| Mr. Chin Cheng Sin | (appointed on 21st June, 2002 and resigned on 26th September, 2002) |
| Mr. Wong Siu Kang | (appointed on 21st June, 2002 and resigned on 27th June, 2002) |
| Mr. Wong Jake Leong, Sammy | (appointed on 21st June, 2002 and resigned on 27th June, 2002) |
| Mr. Tang Ho Sum | (appointed on 21st June, 2002 and resigned on 27th June, 2002) |
| Ms. Song Hong Fang | (appointed on 19th April, 2001 and resigned on 17th June, 2002) |

Independent non-executive directors:

| | |
|-----------------------------|---|
| Mr. Ha Shu Tong, Albert | |
| Mr. Lau Kwok Kuen | (appointed on 21st June, 2002) |
| Ms. Chen Jing Xian | (appointed on 4th February, 2002 and removed on 21st June, 2002) |
| Mr. Zhao Jiahe | (appointed on 30th April, 2002 and removed on 21st June, 2002) |
| Ms. Choy Hok Man, Constance | (appointed on 15th May, 2001 and resigned on 28th December, 2001) |
| Ms. Lau Sio Kuan, Vivian | (resigned on 19th April, 2001) |

* Mr. Hon Tung Keung was appointed as the Chairman and Chief Executive Officer on 21st May, 2001 and resigned on 20th June, 2002.

** Mr. Wilton Timothy Carr Ingram was appointed as the non-executive Chairman on 24th June, 2002.

In accordance with Bye-law 87(2) of the Company's Bye-laws, Mr. Wilton Timothy Carr Ingram by virtue of being the Chairman of the Company, is not subject to retirement at any Annual General Meeting of the Company.

In accordance with Bye-laws 87(2) and (3) of the Company's Bye-laws, Mr. Ha Shu Tong, Albert and Mr. Cecil Ho Te Hwai retire and, being eligible, offer themselves for re-election.

The directors do not have any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Biographical details of directors and senior management

Brief biographical details of the directors and senior management are set out below.

| Name of directors | Age | Position held | Number of years of service | Business experience |
|--------------------------------|-----|------------------------------------|----------------------------|---|
| Mr. Wilton Timothy Carr Ingram | 53 | Non-executive Chairman | 1 | Investment, brokerage and direct investment |
| Mr. Chan Kam Kwan Jason | 29 | Executive Director | 1 | Corporate finance |
| Mr. Ho Te Hwai, Cecil | 41 | Executive Director | 1 | Finance and accounting |
| Mr. Yuen Wai Ho | 42 | Executive Director | 1 | Finance and accounting |
| Mr. Ha Shu Tong, Albert | 53 | Independent Non-executive Director | 2 | Corporate finance and corporate development |
| Mr. Lau Kwok Kuen | 47 | Independent Non-executive Director | 1 | Accounting |

Directors' interests in shares

At 31st March, 2002, the interests of the directors, the chief executive and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), or as otherwise notified to the Company and to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(a) Ordinary shares

| Name of director | Number of ordinary shares of HK\$0.01 each | | | Total |
|--------------------|--|------------------|------------------------------|-------------|
| | Personal interests | Family interests | Corporate interests | |
| Mr. Hon Tung Keung | — | — | 159,051,090 <i>(Note)</i> | 159,051,090 |

(b) Convertible cumulative non-voting preference shares

| Name of director | Number of preference shares of HK\$0.10 each | | | Total |
|--------------------|--|------------------|------------------------------|-------------|
| | Personal interests | Family interests | Corporate interests | |
| Mr. Hon Tung Keung | — | — | 118,333,333 <i>(Note)</i> | 118,333,333 |

Note: Both of these interests are held through Leap Network System Inc., a wholly owned subsidiary of Leap Technologies Inc., a company incorporated in the British Virgin Islands. The entire issued share capital of Leap Technologies Inc. is beneficially owned by Mr. Hon Tung Keung. Out of the 159,051,090 ordinary shares, 159,049,090 ordinary shares owned by Leap Network System Inc. are pledged to Korsair I, a company registered in the Cayman Islands. Moreover, all the 118,333,333 preference shares owned by Leap Network System Inc. are also pledged to Korsair I.

Save as disclosed above, at 31st March, 2002, none of the directors, the chief executive or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share options

The Company adopted on 2nd January, 1992 a 10-year share option scheme (the "Scheme") under which the directors may, at their discretion, grant options to full time employees, including directors, to subscribe for shares in the Company as a reward for their contributions and performance. The price per share payable on the exercise of an option equal to the higher of the nominal value of the shares and 80% of the average of the closing prices on the Stock Exchange on the five trading days immediately preceding the date of grant of an option. The maximum number of shares in respect of which options may be granted under the Scheme is limited to 10% of the ordinary shares in issue at the time of granting of the options and no eligible person shall be granted an option 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 Scheme. At 31st March, 2002, the outstanding options were:

| Date of grant | Notes | Exercise price per share HK\$ | Balance outstanding at 1st April, 2001 | Number of options granted during the year | Number of options cancelled/ lapsed during the year | Number of options exercised during the year | Balance outstanding at 31st March, 2002 |
|----------------------|-------|-------------------------------------|---|---|--|---|--|
| 2nd October, 1999 | (1) | 0.65 | 6,800,000 | — | (6,800,000) | — | — |
| 2nd October, 1999 | (2) | 0.65 | 200,000 | — | (200,000) | — | — |
| 5th January, 2000 | (3) | 2.65 | 14,815,000 | — | (7,815,000) | — | 7,000,000 |
| 20th March, 2000 | (4) | 1.32 | 7,754,000 | — | (2,254,000) | — | 5,500,000 |
| 20th March, 2000 | (3) | 1.32 | 3,226,000 | — | (3,226,000) | — | — |
| 16th June, 2000 | (3) | 0.93 | 800,000 | — | (800,000) | — | — |
| 16th June, 2000 | (3) | 1.04 | 328,000 | — | (328,000) | — | — |
| 7th August, 2000 | (4) | 0.55 | 18,630,000 | — | (9,850,000) | — | 8,780,000 |
| 14th August, 2000 | (4) | 0.57 | 230,000 | — | (230,000) | — | — |
| 15th September, 2000 | (4) | 0.49 | 10,000 | — | (10,000) | — | — |
| 31st October, 2000 | (4) | 0.145 | 5,800,000 | — | (600,000) | — | 5,200,000 |
| | | | <u>58,593,000</u> | <u>—</u> | <u>(32,113,000)</u> | <u>—</u> | <u>26,480,000</u> |

Share options (continued)

Notes:

1. The share options are exercisable from the date of grant to 31st December, 2001.
2. The shares options are exercisable from the first anniversary of the date of grant to 31st December, 2001.
3. The share options are exercisable from the first anniversary of the date of grant to the business day preceding the third anniversary of the date of grant, of which a maximum of 33¹/₃% and 33¹/₃% thereof are exercisable from the first and second anniversaries of the date of grant respectively. The remaining 33¹/₃% are exercisable within three months before the third anniversary of the date of grant.
4. The share options are exercisable from the date of grant to the business day preceding the third anniversary of the date of grant.
5. No options were granted during the year. All the outstanding share option lapsed as at the date of this annual report. The Company cannot grant any more options under the Scheme as the Scheme expired on 2nd January, 2002.

Directors' rights to acquire shares or debentures

The directors had personal interests in share options to subscribe for shares in the Company as follows:

| Name | Notes | Date of grant | Exercise price per share HK\$ | Balance outstanding at 1st April, 2001 | Number of options granted during the year | Number of options cancelled/ lapsed during the year | Balance |
|---------------------------|-------|--------------------|----------------------------------|--|---|---|------------------------------------|
| | | | | | | | outstanding as at 31st March, 2002 |
| Dr. Lo Wing Yan, William | (2) | 5th January, 2000 | 2.65 | 5,000,000 | — | (5,000,000) | — |
| | (3) | 20th March, 2000 | 1.32 | 3,000,000 | — | (3,000,000) | — |
| | (3) | 7th August, 2000 | 0.55 | 2,500,000 | — | (2,500,000) | — |
| Mr. Ko Chun Shun, Johnson | (1) | 2nd October, 1999 | 0.65 | 2,500,000 | — | (2,500,000) | — |
| Mr. Li Bing Chi, Esmond | (2) | 5th January, 2000 | 2.65 | 1,500,000 | — | (1,500,000) | — |
| | (3) | 20th March, 2000 | 1.32 | 750,000 | — | (750,000) | — |
| | (3) | 7th August, 2000 | 0.55 | 1,500,000 | — | (1,500,000) | — |
| | (3) | 31st October, 2000 | 0.145 | 1,800,000 | — | (1,800,000) | — |

Directors' rights to acquire shares or debentures (continued)

| Name | Notes | Date of grant | Exercise price per share HK\$ | Balance outstanding at 1st April, 2001 | Number of options granted during the year | Number of options cancelled/lapsed during the year | Balance outstanding as at 31st March, 2002 |
|---------------------------|-------|--------------------|----------------------------------|--|---|--|--|
| Ms. Lee Hoi Yee, Janice | (2) | 5th January, 2000 | 2.65 | 2,000,000 | — | (2,000,000) | — |
| | (3) | 20th March, 2000 | 1.32 | 1,000,000 | — | (1,000,000) | — |
| | (3) | 7th August, 2000 | 0.55 | 1,500,000 | — | (1,500,000) | — |
| | (3) | 31st October, 2000 | 0.145 | 1,800,000 | — | (1,800,000) | — |
| Mr. Lai Kwok Hang, Kelvin | (2) | 5th January, 2000 | 2.65 | 1,500,000 | — | (1,500,000) | — |
| | (3) | 20th March, 2000 | 1.32 | 750,000 | — | (750,000) | — |
| | (3) | 7th August, 2000 | 0.55 | 1,500,000 | — | (1,500,000) | — |
| | (3) | 31st October, 2000 | 0.145 | 600,000 | — | (600,000) | — |

Notes:

- The share options are exercisable from the date of grant to 31st December, 2001.
- The share options are exercisable from the first anniversary of the date of grant to the business day preceding the third anniversary of the date of grant, of which a maximum of 33¹/₃% and 33¹/₃% thereof are exercisable from the first and second anniversaries of the date of grant respectively. The remaining 33¹/₃% are exercisable within three months before the third anniversary of the date of grant.
- The share options are exercisable from the date of grant to the business day preceding the third anniversary of the date of grant.
- No options were granted during the year. All the outstanding share option lapsed as at the date of this annual report. The Company cannot grant any more options under the Scheme as the Scheme expired on 2nd January, 2002.

None of the directors or their associates exercised any of their options during the year.

Save 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 debentures of, the Company or any other body corporate, and none of the directors, chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Directors' interests in contracts

Based on the information available to the current directors, the current directors are not aware of any 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 31st March, 2002, the following interests in shares in the Company were recorded in the register maintained by the Company under Section 16(1) of the SDI Ordinance:

| Name of shareholders | Number of ordinary shares of HK\$0.01 each held | |
|---------------------------------|---|---------------------------|
| Leap Network System Inc. | 159,051,090 | <i>(Notes 1, 3 and 4)</i> |
| Leap Technologies Inc. | 159,051,090 | <i>(Notes 1, 3 and 4)</i> |
| Super China Development Limited | 127,289,300 | <i>(Note 2)</i> |
| Universal Appliances Limited | 127,289,300 | <i>(Note 2)</i> |
| Kwan Wing Holdings Limited | 127,289,300 | <i>(Note 2)</i> |
| Korsair I | 159,049,090 | <i>(Notes 3 and 6)</i> |

| Name of shareholders | Number of preference shares of HK\$0.10 each held | |
|---------------------------|---|-----------------|
| Leap Network Systems Inc. | 118,333,333 | <i>(Note 7)</i> |
| Leap Technologies Inc. | 118,333,333 | <i>(Note 7)</i> |

| Name of shareholders | Number of preference shares of HK\$1.00 each held | |
|---------------------------------|---|------------------------|
| Super China Development Limited | 24,137,700 | <i>(Notes 2 and 5)</i> |
| Universal Appliances Limited | 24,137,700 | <i>(Notes 2 and 5)</i> |
| Kwan Wing Holdings Limited | 24,137,700 | <i>(Notes 2 and 5)</i> |

Substantial shareholders *(continued)**Notes:*

1. These 159,051,090 ordinary shares represent the same parcel of ordinary shares and are duplicated among the two substantial shareholders. Leap Network System Inc. is a wholly owned subsidiary of Leap Technologies Inc., a company incorporated in the British Virgin Islands. Accordingly, Leap Technologies Inc. being wholly and beneficially owned by Mr. Hon Tung Keung, is deemed under the SDI Ordinance to have interests in the Company which are held through Leap Network System Inc. Out of the 159,051,090 ordinary shares, 159,049,090 ordinary shares owned by Leap Network System Inc. are pledged to Korsair I, a company incorporated in the Cayman Islands.
2. These interests are held by Super China Development Limited, a wholly-owned subsidiary of Universal Appliances Limited ("UAL") whose shares are listed on The Stock Exchange of Hong Kong Limited. At 31st March, 2002, Mr. Ko Chun Shun, Johnson has in total approximately 36% direct and indirect interests in UAL through his wholly-owned company, Kwan Wing Holdings Limited.
3. These 159,049,090 ordinary shares are part of the 159,051,090 ordinary shares of which Leap Network System Inc. and Leap Technologies Inc. are both interested.
4. These 159,051,090 ordinary shares represent the same parcel of ordinary shares referred to as "corporate interests in ordinary shares" of Mr. Hon Tung Keung under the heading of "Directors' interests in shares" above.
5. These 24,137,700 preference shares of HK\$1.00 each represent the same parcel of preference shares and are duplicated among the three substantial shareholders. The interests of Kwan Wing Holdings Limited in the Company are held by UAL through Super China Development Limited.
6. These 159,049,090 ordinary shares of the Company are pledged by Leap Network System Inc. to Korsair I.
7. These 118,333,333 preference shares of HK\$0.10 each represent the same parcel of preference shares and are duplicated among the two substantial shareholders. Leap Network System Inc. is a wholly owned subsidiary of Leap Technologies Inc. a company incorporated in the British Virgin Islands. Accordingly, Leap Technologies Inc., being wholly and beneficially owned by Mr. Hon Tung Keung, is deemed under the SDI Ordinance to have interests in the Company which are held through Leap Network System Inc. All the 118,333,333 preference shares owned by Leap Network System Inc. are pledged to Korsair I.

Other than the aforesaid shareholders and the interest as disclosed in Directors' Interests in Shares above, the register required to be maintained under Section 16(1) of the SDI Ordinance showed that the Company has not been notified of any interests representing 10% or more of the issued share capital of the Company as at 31st March, 2002.

Post balance sheet events

Details of significant events occurring after the balance sheet date are set out in note 31 to the financial statements.

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.

Purchase, sale or redemption of listed securities

Based on the information available to the current directors, during the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate governance

The former directors did not publish the interim report for the six months ended 30 September 2001 until 13th May, 2002 which constituted a breach of Paragraphs 10(1) and 11(6) of the Listing Agreement. In light of the insufficient and incomplete records available to the current directors, the current directors are unable to form an opinion as to whether the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st March, 2002.

On 24th June, 2002, the Company established a new audit committee with written terms of the reference based on the guidelines set out in "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants. The audit committee comprises the non-executive Chairman, Mr. Wilton Timothy Carr Ingram and two independent non-executive directors, namely Messrs. Ha Shu Tong, Albert and Lau Kwok Kuen.

Major customers and suppliers

As explained in note 2 to the financial statements, no detail of major customer and supplier is presented as no sufficient information is available.

Disclosure under practice note 19 of the listing rules

As explained in note 2 to the financial statements, no disclosure under Practice Note 19 of the Listing Rules is presented as no sufficient information is available.

Connected transactions

The current directors are unable to form an opinion as to whether there were any connected transactions as defined by the Listing Rules entered by the Group during the year.

Auditors

During the year, Messrs. PricewaterhouseCoopers, who acted as auditors of the Company for the past two years, retired and did not seek for re-appointment. Messrs. KPMG were appointed as auditors of the Company and resigned subsequently after the issuance of the Company's interim report for the six months ended 30th September, 2001. Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company to fill the vacancy.

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

On behalf of the Board

Jason Chan

Director

Hong Kong, 27th September, 2002