

SHARE OPTION SCHEMES (cont'd)

For the year ended 31st March, 2003, the number of shares in respect of which options had been granted under the 2002 Scheme was 37,400,000 representing 1.16%, 0.61%, 1.36% and 0.32% of the shares of the Company in issue at the respective dates.

The fair value of the options granted in the current year under the 2002 Scheme, measured as at 22nd August, 2002, 25th October, 2002, 29th November, 2002 and 2nd December, 2002 being the dates of grant, totalled approximately HK\$146,100. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility of 91.2% based on historical volatility; and
2. the Hong Kong Exchange Fund Bills rate of 1.09% 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.

The closing prices of the Company's shares immediately before 22nd August, 2002, 25th October, 2002, 29th November, 2002 and 2nd December, 2002 being the dates of grant of options during the year, were HK\$0.027, HK\$0.011, HK\$0.01 and HK\$0.01, respectively.

The weighted average closing price of the Company's share immediately before the dates on which the options were exercised was HK\$0.016.

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.

購股權計劃(續)

於截至二零零三年三月三十一日止年度，已按二零零二年計劃授出之購股權涉及之股數為 37,400,000 股，於有關日期分別佔本公司已發行股份 1.16%、0.61%、1.36% 及 0.32%。

按二零零二年計劃於本年度授出之購股權於授出日期二零零二年八月二十二日、二零零二年十月二十五日、二零零二年十一月二十九日及二零零二年十二月二日計算之公平值合共約 146,100 港元。以「柏力克 - 舒爾斯」期權訂價模式計算公平值時所用之主要假設如下：

1. 按歷來之波幅，預計會有 91.2% 之波動；及
2. 香港外匯基金票據息率為 1.09%，以及以一年之預計年期為基準。

因應計算公平值所需，由於缺乏過往之數據，故未就預計將予沒收之購股權作調整。

「柏力克 - 舒爾斯」期權訂價模式應用主觀性極高之假設，包括股價波幅。由於應用之主觀性假設之變動可對所估計之公平值構成重大影響，故董事認為現行之模式未必是計算購股權公平值之可靠單一方法。

本公司股份於緊接二零零二年八月二十二日、二零零二年十月二十五日、二零零二年十一月二十九日及二零零二年十二月二日（分別為年內授出購股權之日期）前之收市價分別為 0.027 港元、0.011 港元、0.01 港元及 0.01 港元。

本公司股份於緊接購股權行使日期前之加權平均收市價為 0.016 港元。

董事購買股份或債券之權利

除上文所披露之購股權計劃外，本公司或其任何附屬公司於年內任何時間均無訂立任何安排，使本公司董事可從購買本公司或任何其他公司之股份或債務證券（包括債券）中獲益，而董事或彼等之配偶或未滿十八歲之子女概無任何可認購本公司證券之權利，亦無行使任何該等權利。

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2003, 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, 2003 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\$500,000 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 10% and 36%, respectively, of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 23% and 35%, 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.

主要股東

於二零零三年三月三十一日，根據本公司按照披露權益條例第 16(1) 條存置之主要股東登記冊所示，概無任何人士擁有本公司已發行普通股面值 10% 或以上之權益。本公司並未獲知會有任何其他人士於二零零三年三月三十一日擁有本公司已發行股本 10% 或以上之權益。

董事於合約中之權益

年內，本集團就胡百全律師事務所提供之服務支付合共 500,000 港元之法律及專業費用。賴顯榮先生為該律師行之合夥人。

除上文所披露者外，本公司各董事在本公司或其任何附屬公司於年結日或年內任何時間訂立之重要合約中概無直接或間接擁有重大權益。

主要客戶及供應商

本集團最大客戶及五大客戶之總銷售額分別約佔本集團年度總營業額之 10% 及 36%。

本集團最大供應商及五大供應商之總購貨額分別約佔本集團年度總購貨額之 23% 及 35%。

各董事、其聯繫人士或就董事所知擁有 5% 以上之本公司股本之任何股東概無擁有本集團任何五大客戶或供應商之股本權益。

買賣或贖回本公司之上市證券

年內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

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 Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange 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.

As a result of the negative consolidated net tangible asset value of the Group as at 31st March, 2002, 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 19th September, 2002 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 20th September, 2002 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 audited consolidated balance sheet as at 31st March, 2002 (the "Consolidated Balance Sheet"). The "modified assets" of the Group are equal to HK\$92,116,000, being gross assets (HK\$208,606,000) less intangibles (HK\$90,276,000, being sum of goodwill of HK\$64,138,000 and intangible assets of HK\$26,138,000) and current liabilities (HK\$26,214,000).

股本優先購買權

本公司之公司細則或百慕達法例中，並無本公司須按比例發售新股予現有股東之股本優先購買權條文。

適用於本公司之上市規則第十四章

聯交所證券上市規則（「上市規則」）第十四章規定，上市公司須披露若干類別交易之詳情、向股東刊發通函及在報章刊登公布以提供有關若干類別交易之資料，以及（在進行若干重大交易或與關連人士（定義見上市規則）進行若干交易之情況下）取得股東之事前批准。若干類別交易完全毋須符合任何有關披露或批准之規定。

基於二零零二年三月三十一日本公司之有形資產淨值呈現負數，本公司在全面遵守上市規則內有關規定須就其有形資產淨值或資產淨值作比較之條文時可能有困難。本公司作出申請後，聯交所於二零零二年九月十九日給予本公司權利，可引用「最低豁免規定」、「修訂計算方法」及使用「修訂資產測試」。已獲批方法之詳情載於本公司於二零零二年九月二十日刊發之公布，並載列如下：

本公司申請「修訂資產測試」之基準

本公司申請權利，以引用上文所述之修訂計算方法下之「修訂資產測試」，而有關申請乃以二零零二年三月三十一日之經審核綜合資產負債表（「綜合資產負債表」）為根據。本集團之「修訂資產」相等於92,116,000港元，即資產毛額（208,606,000港元）減無形資產（90,276,000港元，即商譽64,138,000港元及無形資產26,138,000港元之總和）及流動負債（26,214,000港元）。

APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY (cont'd)

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 Group.

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 Group.

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\$4,605,800 or above but below HK\$13,817,400) – the requirements for discloseable transactions will apply;
- (b) Ratio of 15% or above but below 25% (HK\$13,817,400 or above but below HK\$23,029,000) – the requirements for major transactions will apply;
- (c) Ratio of 25% or above (HK\$23,029,000 or above) – the requirements for very substantial acquisitions will apply; and
- (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\$4,605,800).

適用於本公司之上市規則第十四章 (續)

最低豁免規定之應用

聯交所批准本公司就須予公布之交易(不計關連交易)申請之「最低豁免規定」。在本集團日常業務中按正常商業條款訂立之每項交易,如代價或交易價值不超過1,000,000港元,將視作最低豁免事項。「資產測試」及「代價測試」將不適用。

修訂計算方法之應用

聯交所批准本公司就須予公布之交易(不計關連交易)申請之「修訂計算方法」,條款如下:

「資產測試」進行時,乃以將予收購或出售之資產毛額減無形資產減流動負債後之數額,除以本集團之資產毛額減無形資產減流動負債後之餘額。

「代價測試」進行時,乃以將予收購或出售之資產之代價,除以本集團資產毛額減無形資產減流動負債後之數額。

由上述之修訂測試計算所得之百分率,將用以確定適用之披露或批准規定:

- (a) 如比率為5%或以上但低於15%(即4,605,800港元或以上但低於13,817,400港元) – 有關須予披露交易之規定將告適用;
- (b) 如比率為15%或以上但低於25%(即13,817,400港元或以上但低於23,029,000港元) – 有關主要交易之規定將告適用;
- (c) 如比率為25%或以上(即23,029,000港元或以上) – 有關非常重大收購事項之規定將告適用; 及
- (d) 如本公司或其任何附屬公司收購資產(包括證券,惟不包括現金),而代價包括將會尋求上市之證券,在比率為5%(即4,605,800港元)以下之情況下,有關股份交易之規定將告適用。

APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY (cont'd)

These ratios would apply only to the “assets test” and the “consideration test”. The “profits test” and “equity test” will remain applicable to the Group.

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
附錄十六第 15.2 段

Paragraph 23 of Appendix 16
附錄十六第 23 段

Paragraph 3.2.1 of Practice Note 19
第十九項應用指引第 3.2.1 段

Paragraph 3.2.2 of Practice Note 19
第十九項應用指引第 3.2.2 段

Paragraph 3.3 of Practice Note 19
第十九項應用指引第 3.3 段

- ratio of 1% (HK\$921,160);
- 比率為 1% (921,160 港元) ;
- ratio of 5% (HK\$4,605,800);
- 比率為 5% (4,605,800 港元) ;
- ratio of 8% (HK\$7,369,280);
- 比率為 8% (7,369,280 港元) ;
- ratio of 3% (HK\$2,763,480); and
- 比率為 3% (2,763,480 港元) ; 及
- ratio of 8% (HK\$7,369,280).
- 比率為 8% (7,369,280 港元) 。

適用於本公司之上市規則第十四章 (續)

上述比率只適用於「資產測試」及「代價測試」。「溢利測試」及「股本測試」仍適用於本公司。

修訂計算方法下之「修訂資產測試」之應用

聯交所批准本公司申請權利，以引用修訂計算方法下之「修訂資產測試」，條款如下：

1. 只於比率維持於有關規則規定之水平時作修訂資產測試

就以下規則引述有形資產淨值或資產淨值（如屬適用）而言，修訂計算方法下之修訂資產測試所載之基準將予採納為用以確定有關規則訂明之披露規定之比較基準：

附錄七 B 第 17(2) 段；
第十三項應用指引第 5.1 段；
第十五項應用指引第 3(e)(ii) 段；
附錄十六第 36 段；及
第十九項應用指引第 1.3 段。

由於分子及分母將使用相同之修訂基準，故毋須改變該等規則訂明之現行比率。

2. 修訂資產測試及不同之比率

如為以下規則，就引述有形資產淨值或資產淨值（如屬適用）而言，修訂計算方法下之修訂資產測試所載之基準將予採納為用以確定有關披露或股東批准之規定之比較基準。此外，該等規則訂明之比率限額將因應基準之改變而作修訂：

APPLICATION OF CHAPTER 14 OF THE LISTING RULES TO THE COMPANY (cont'd)

3. Connected transactions

In relation to references to net tangible assets or net assets set out under Rules 14.24(5) and 14.25(1) and 14.25(2)(b) (i) of the Listing Rules 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 applicable threshold will be the higher of either:

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

Based on the Group's Consolidated Balance Sheet, the relevant threshold in sub-item (ii) above is equal to HK\$9,211.

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

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

Based on the Group's Consolidated Balance Sheet, the relevant threshold in sub-item (ii) above is equal to HK\$921,160.

In Rule 14.25(2)(b)(i) the applicable threshold will be 5 percent of the modified assets basis (HK\$4,605,800).

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 Group's consolidated results for the year ended 31st March, 2003.

適用於本公司之上市規則第十四章 (續)

3. 關連交易

就引述上市規則第 14.24(5)、14.25(1) 及 14.25(2)(b)(i) 條規則因應關連交易所載之有形資產淨值或資產淨值而言，修訂計算方法下之修訂資產測試所載之基準將予採納。此外，用以確定有關披露及股東批准規定之比率限額將作如下之修訂：

在第 14.24(5) 條規則中，限額將為以下之較高者：

- (i) 1,000,000 港元；或
- (ii) 修訂資產基準之 0.01%。

按本集團之綜合資產負債表計算，上文第 (ii) 分項之有關限額等於 9,211 港元。

在第 14.25(1) 條規則中，適用限額將為以下之較高者：

- (i) 10,000,000 港元；或
- (ii) 修訂資產基準之 1%。

按本公司之綜合資產負債表計算，上文第 (ii) 分項之有關限額等於 921,160 港元。

在第 14.25(2)(b)(i) 條規則中，適用限額將為經修訂資產基準之 5% (4,605,800 港元)。

修訂資產測試適用之期間

聯交所就上述方法所作之批准之有效期直至本年報之刊發日期或到期須予刊發之日期 (以較早者為準) 為止。因此，本公司將向聯交所申請權利，以按本集團截至二零零三年三月三十一日止年度之綜合業績引用「最低豁免規定」、「修訂計算方法」及「修訂資產測試」。

CORPORATE GOVERNANCE

Except that (1) independent non-executive directors were not appointed for any specific terms as they would be subject to retirement by rotation in accordance with clause 87(3) of the Company's Bye-laws; and (2) the requirement of the audit committee should have a minimum of two members had not been met during the period from 29th January, 2003 to 7th April, 2003, as only one member was present during that period, the Company has complied throughout the year ended 31st March, 2003 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

Pursuant to Rule 3.10 of the Listing Rules, the board of the Company must include at least two independent non-executive directors, there was only one independent non-executive director appointed for the period from 29th January 2003 to 7th April, 2003.

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
Chan Hung Lit, Simon
Chairman

Hong Kong, 28th July, 2003

公司監管

除 (1) 獨立非執行董事並無任何特定任期惟須根據本公司之公司細則第 87(3) 條輪值告退；及 (2) 於二零零三年一月二十九日至二零零三年四月七日期間審核委員會僅有一位成員而有關規定為最少要有兩位成員外，本公司於截至二零零三年三月三十一日止年度全年均遵守上市規則附錄十四所載之最佳應用守則。

根據上市規則第 3.10 條，本公司董事會必須最少有兩位獨立非執行董事，但於二零零三年一月二十九日至二零零三年四月七日期間只有一位獨立非執行董事。

核數師

本公司將於股東週年大會上提呈一項決議案，以續聘德勤·關黃陳方會計師行為本公司核數師。

代表董事會
主席
陳鴻烈

香港，二零零三年七月二十八日