

Directors' Report 董事會報告

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in sales of general systems products, provision of services and software licensing, leasing of systems products, investments in telecommunications networks and e-commerce projects and holding strategic investments in advanced technology product development companies.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2005 are set out in the consolidated income statement on page 23 and in the accompany notes to the financial statements. An interim dividend in scrip form equivalent to 1.7 cents per share, with a cash option, was distributed to the shareholders during the year. A final dividend in scrip form equivalent to 3.1 cents per share, with a cash option, is proposed by the directors. Movements of the accumulated profits are set out in note 32 to the financial statements.

SHARE CAPITAL AND WARRANTS

Details of movements in the share capital and warrants of the Company during the year are set out in note 30 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 32 to the financial statements.

The Company's reserves available for distribution represent the aggregate of dividend reserve, general reserve, special reserve and the accumulated profits of HK\$1,558,488,000.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred an aggregate of approximately HK\$9.1 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 12 to the financial statements.

ASSOCIATES

Particulars of the Group's associates at 30 June 2005 are set out in note 18 to the financial statements.

董事會同寅謹提呈截至二零零五年六月三十日止年度之年報及經審核財務報告。

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銷售一般系統產品、提供服務及軟件特許權、租賃系統產品、投資電訊網絡及電子商貿項目，並於高科技產品開發公司持有策略性投資。

業績及分配

本集團截至二零零五年六月三十日止年度之業績載於第23頁之綜合損益表以及財務報告附註內。相等於每股1.7港仙之中期股息（可選擇現金）已於本年度內按以股代息方式派發予股東。董事會建議按以股代息方式派發相等於每股3.1港仙之末期股息（可選擇現金）。累計溢利之變動情況載於財務報告附註32。

股本及認股權證

本公司於本年度內之股本及認股權證變動詳情載於財務報告附註30。

儲備

本集團及本公司於本年度內之儲備變動詳情載於財務報告附註32。

本公司可供分派之儲備為股息儲備、一般儲備、特別儲備及累計溢利之總和1,558,488,000港元。

物業、廠房及設備

於本年度內，本集團添置約共值9,100,000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詳情載於財務報告附註12。

聯營公司

於二零零五年六月三十日有關本集團聯營公司之詳細資料載於財務報告附註18。

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Mr. Paul Kan Man Lok
Mr. Leo Kan Kin Leung
Mr. Lai Yat Kwong

Non-executive director:

Ms. Shirley Ha Suk Ling (appointed on 26 November 2004)

Independent non-executive directors:

Mr. Terry John Miller
Mr. Francis Gilbert Knight
Mr. Frank Bleackley
Prof. Liang Xiong Jian
Prof. Ye Pei Da

In accordance with sections 86(2) and 87 of the Company's Bye-laws, Mr. Leo Kan Kin Leung, Prof. Liang Xiong Jian and Ms. Shirley Ha Suk Ling retire at the forthcoming annual general meeting and, being eligible, offer themselves 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 Bye-laws.

SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company, Kantone Holdings Limited ("Kantone"), a 58% owned subsidiary of the Company, and DIGITALHONGKONG.COM ("Digital HK"), a 78% owned subsidiary of the Company, each has a share option scheme under which eligible persons, including directors of the Company, Kantone, Digital HK or any of their respective subsidiaries, may be granted options to subscribe for shares in the Company, Kantone and Digital HK respectively.

Details of the share option schemes of the Company, Kantone and Digital HK are set out in note 31 to the financial statements.

Other than the share option schemes described in note 31 to the financial statements, 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.

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：

簡文樂先生
簡堅良先生
黎日光先生

非執行董事：

夏淑玲女士 (於二零零四年十一月二十六日獲委任)

獨立非執行董事：

苗禮先生
Francis Gilbert Knight先生
Frank Bleackley先生
梁雄健教授
葉培大教授

根據本公司公司細則第86(2)及87條之規定，簡堅良先生、梁雄健教授及夏淑玲女士將於應屆股東週年大會退任，且合資格及願膺選連任。其餘各董事均繼續留任。

擬於應屆股東週年大會膺選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之公司細則規定輪值退任。

購股權及董事購買股份或債券之權利

本公司、本公司擁有58%股權之附屬公司看通集團有限公司(「看通」)及本公司擁有78%股權之附屬公司數碼香港(「數碼香港」)均設有購股權計劃。據此，合資格人士(包括本公司、看通及數碼香港或其各自之任何附屬公司之董事)可獲授購股權以分別認購本公司、看通及數碼香港之股份。

本公司、看通及數碼香港之購股權計劃詳情載於財務報告附註31。

除財務報告附註31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。

Directors' Report 董事會報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2005, the interests and short positions of the directors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

	Name of director	Capacity	Number of shares	Percentage of the issued share capital 佔已發行股本之百分比	Number of warrants
	董事姓名	身份	股份數目		認股權證數目
Securities of the Company 本公司證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 1 附註1	28.64%	Note 1 附註1
Securities of Kantone 看通證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 2 附註2	75.00%	—
Securities of DIGITALHONGKONG.COM 數碼香港證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 3 附註3	79.98%	—

Notes:

- 355,783,876 shares and 66,054,182 warrants were held by Lawnside International Limited ("Lawnside"). Lawnside is beneficially wholly owned by Mr. Paul Kan Man Lok. As at 30 June 2005, Lawnside held interests in approximately 28.64% of the entire interest of the Company and Mr. Paul Kan Man Lok was deemed to have corporate interest in the shares which were owned by Lawnside. The warrants were issued by the Company pursuant to a bonus issue effected in February 2005, all of which will be expired on 16 February 2006.
- 1,387,020,962 shares were held by the Company and 407,779,752 shares were held by Lawnside.
- 117,300,000 shares were held by the Company and 2,669,171 shares were held by Lawnside.

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 or short position in the securities, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as at 30 June 2005.

董事之證券權益及淡倉

於二零零五年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置之股東名冊記錄所示，或根據《上市公司董事進行證券交易的標準守則》向本公司及香港聯合交易所有限公司（「聯交所」）另行作出之通知，本公司董事在本公司或其任何相關法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有之權益及淡倉如下：

附註：

- 355,783,876股股份及66,054,182份認股權證由Lawnside International Limited（「Lawnside」）持有。Lawnside由簡文樂先生實益全資擁有。於二零零五年六月三十日，Lawnside持有本公司全部股本約28.64%權益，而簡文樂先生則被視為擁有Lawnside所擁有該等股份之公司權益。認股權證乃由本公司根據於二零零五年二月生效之花紅分發而發行，所有該等認股權證將於二零零六年二月十六日屆滿。
- 1,387,020,962股股份由本公司持有，而407,779,752股股份則由Lawnside持有。
- 117,300,000股股份由本公司持有，而2,669,171股則由Lawnside持有。

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附屬公司若干代理人股份外，於二零零五年六月三十日，各董事或彼等任何聯繫人士並無擁有本公司或其任何相關法團（定義見證券及期貨條例第XV部）之任何證券、相關股份或債券之權益或淡倉。

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Company and its subsidiaries other than Kantone and its subsidiaries (the "Kantone Group"), and Digital HK 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
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	100	—
Purchases of pagers and equipment	購買傳呼機及器材	52	—
Sales of telecommunications equipment	銷售電訊設備	129	—
Annual fee and technical fee paid	支付年費及技術費用	—	408
Administration fees received	收取行政費用	—	480

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 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.

董事於合約及關連交易之權益

於本年度內，本公司及其附屬公司（看通及其附屬公司（「看通集團」）以及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：

		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
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	100	—
Purchases of pagers and equipment	購買傳呼機及器材	52	—
Sales of telecommunications equipment	銷售電訊設備	129	—
Annual fee and technical fee paid	支付年費及技術費用	—	408
Administration fees received	收取行政費用	—	480

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或其任何附屬公司所參與，且在本年度結束時或在本年度內任何時間仍然有效之重大合約中，概無直接或間接擁有重大權益。

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the following persons (other than a director or chief executive of the Company disclosed under the section of directors' interests and short positions in securities) had interests and short positions in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

主要股東

於二零零五年六月三十日，根據證券及期貨條例第336條本公司須予保存之登記冊所記錄，下列人士（於「董事之證券權益及淡倉」一節所披露之本公司董事或行政總裁除外）於本公司股本中擁有權益及淡倉：

Name	Capacity	Number of shares	Description of equity derivatives	Number of underlying shares	Approximate percentage of issued share capital
名稱	身份	股份數目	股本衍生工具說明	相關股份數目	佔已發行股本之概約百分比
Lawnside*	Beneficial owner 實益擁有人	355,783,876	—	—	28.64%
	Beneficial owner 實益擁有人	—	Warrants to subscribe for shares 認購股份之認股權證	66,054,182	5.32%

* Mr. Paul Kan Man Lok and Mr. Leo Kan Kin Leung are directors of Lawnside.

* 簡文樂先生及簡堅良先生均為Lawnside之董事。

Save as disclosed herein and disclosed under directors' interests and short positions in securities, as at 30 June 2005, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

除本文及「董事之證券權益及淡倉」所披露者外，於二零零五年六月三十日，根據證券及期貨條例第336條本公司須予保存之權益登記冊，概無其他人士於本公司之股份或相關股份擁有任何權益或淡倉。

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CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the convertible bonds, warrants and share options as set out in notes 28, 30 and 31 respectively to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 June 2005 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 Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$335,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2005, 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 EVENTS

Details of significant post balance sheet events are set out in note 40 to the financial statements.

CORPORATE GOVERNANCE

During the year, 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 (the "Listing Rules") which were in force until 1 January 2005.

The Company has adopted a code of conduct regarding securities transactions by directors set out in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiries with all directors and all directors confirmed that they have complied with the required standard set out in the Model Code.

The Company has received an annual confirmation of independence from each of the independent non-executive directors of the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors to be independent.

可換股證券、購股權、認股權證或類似權利

除可換股債券、認股權證及購股權外(分別見財務報告附註28、附註30及附註31所述),於二零零五年六月三十日,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;於本年度內亦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百慕達法例並無載有任何優先購股權之條文,規定本公司須按比例向現有股東提呈發售新股。

捐款

年內,本集團捐出慈善及其他捐款達335,000港元。

主要客戶及供應商

截至二零零五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分別佔本集團之營業總額及購貨總額不足30%。

結算日後事項

重大結算日後事項詳情已載於財務報告附註40。

企業管治

於本年度內,本公司一直遵守於二零零五年一月一日前生效之聯交所證券上市規則(「上市規則」)附錄十四所載最佳應用守則。

本公司已根據上市規則附錄十所載規定採納有關董事進行證券交易之操守準則(「標準守則」)。本公司經向全體董事作出特定查詢後,全體董事確認,彼等一直遵守標準守則所載規定準則。

本公司已自各本公司獨立非執行董事接獲根據上市規則第3.13條就其獨立性作出之年度確認。本公司認為,全體獨立非執行董事均為獨立人士。

REMUNERATION COMMITTEE

The Company established a remuneration committee, comprising a majority of independent non-executive directors and an executive director of the Company, with written terms of reference. The remuneration committee comprised of Francis Gilbert Knight (Chairman of the remuneration committee), Terry John Miller and Leo Kan Kin Leung.

The duties of the remuneration committee include the following:

- (a) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors;
- (c) to review and approve performance-based remuneration in accordance with corporate goals and objectives resolved by the Board from time to time;
- (d) to review and approve the compensation payable to executive directors and senior management relating to any loss or termination of their office or appointment to ensure that such compensation is determined with reference to relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (e) to review and approve compensation arrangements in connection with dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the annual results.

AUDITORS

A resolution will be proposed at 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
27 October 2005

薪酬委員會

本公司已成立薪酬委員會，成員包括本公司大多數獨立非執行董事及一名執行董事，並已制定書面職權範圍。薪酬委員會成員包括Francis Gilbert Knight (薪酬委員會主席)、苗禮及簡堅良。

薪酬委員會職責包括以下各項：

- (a) 就本公司董事與高級管理層所有薪酬政策及結構以及就設立正規而具透明度的程序，以制定薪酬政策，向董事會提出建議；
- (b) 釐定全體執行董事及高級管理層之特定薪酬待遇，包括實物福利、退休金權利及補償（包括就離職或終止職務或委任應付之任何賠償）以及就非執行董事之薪酬向董事會提出建議；
- (c) 按照董事會不時議決之公司目標及宗旨，檢討及批准與表現掛鉤之薪酬；
- (d) 檢討及批准就離職或終止職務或委任應付執行董事及高級管理層之賠償，以確保有關賠償經參考有關合約條款釐定；如未能按合約條款釐定，有關賠償亦須屬公平，且不會對本公司造成過重負擔；
- (e) 檢討及批准有關董事因行為不當而遭解僱或免職之賠償安排，以確保有關安排經參考有關合約條款釐定；如未能按合約條款釐定，任何賠償須合理恰當；及
- (f) 確保董事或其任何聯繫人士不得自行決定其本身之薪酬。

公眾持股量

根據本公司之公開資料及據董事所知，於本報告日期，股份之公眾持股量足夠，符合上市規則所規定不少於本公司已發行股份25%之規定。

審核委員會

本公司審核委員會已聯同本集團管理層審閱本集團所採納之會計原則及慣例以及其內部監控與財務申報事宜，包括全年業績。

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週年大會提呈。

承董事會命

主席
簡文樂
香港
二零零五年十月二十七日