

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

Details of the interests of the directors and chief executive and their associates in the ordinary shares of the Company as at 31 August 2002 as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

| Name of director    | Number of ordinary shares held |                 |                    |                |
|---------------------|--------------------------------|-----------------|--------------------|----------------|
|                     | Personal interest              | Family interest | Corporate interest | Other interest |
| Tse Tat Fung, Tommy | —                              | —               | 195,971,534(i)     | 1 (ii)         |

### Notes:

- (i) These ordinary shares were held through Blink Technology Limited ("Blink Technology"), a company beneficially owned by Mr. Tse Tat Fung, Tommy.
- (ii) Blink Technology acquired the rights, title and interest in various financing documents under which this ordinary share, representing share of which Mr. Tse Sui Luen has personal interest, was charged. Accordingly, Mr. Tse Tat Fung, Tommy is deemed to be interested in this ordinary share.

## SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 20 August 1993 for a period of ten years ("the Share Option Scheme") whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. For options granted before 1 September 2001, the exercise price of options was determined by the board and was the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited ("the SEHK") for the five business days immediately preceding the date of the grant. For options granted on or after 1 September 2001, the exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options are exercisable six months after the date on which the options are granted for a period up to five years.

The number of ordinary shares issued and issuable under the Share Option Scheme, when aggregated with any shares issued and issuable under any other scheme in the Company, may not exceed 10% of the issued share capital of the Company, excluding any ordinary shares issued and allotted pursuant to the exercise of share options under the scheme, from time to time.



### SHARE OPTION SCHEME *(continued)*

The SEHK amended the requirements for share option schemes under the Listing Rules. The new requirements came into effect from 1 September 2001 and make some of the provisions of the Share Option Scheme no longer applicable. During the period under review, no option has been granted, exercised nor cancelled.

At 31 August 2002, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31 August 2002 is HK\$0.055) granted at nominal consideration under the Share Option Scheme. Each option gives the holder the right to subscribe for one share.

|                            | No. of<br>options<br>outstanding<br>at 28 February<br>2002 | No. of<br>options<br>lapsed<br>during<br>the period | No. of<br>options<br>outstanding<br>at 31 August<br>2002 | Date<br>granted      | Period<br>during<br>which<br>options<br>exercisable | Price per<br>share on<br>exercise<br>of options | Market<br>value per<br>share at<br>the date of<br>grant of<br>options |
|----------------------------|--|---|--|----------------------|---|---|---|
| <b>Directors</b>           |  |   |  |                      |   |   |   |
| Tse Tat Fung,<br>Tommy     | 2,152,500<br>(Note 1)                                      | (2,152,500)<br>(Note 2)                             | –  | 21 July<br>1997      | 21 January<br>1998<br>to 21 July<br>2002            | HK\$2.79<br>(Note 1)                            | HK\$4.65  |
| Leung Yit Kuen,<br>Raymond | 2,152,500<br>(Note 1)                                      | (2,152,500)<br>(Note 2)                             | –  | 21 July<br>1997      | 21 January<br>1998<br>to 21 July<br>2002            | HK\$2.79<br>(Note 1)                            | HK\$4.65  |
|                            | 6,647,500  | –   | 6,647,500  | 15 September<br>1999 | 15 March<br>2000<br>to 19 August<br>2003            | HK\$0.25  | HK\$0.24  |
| <b>Employees</b>           | 19,942,500   | –   | 19,942,500   | 15 September<br>1999 | 15 March<br>2000<br>to 19 August<br>2003            | HK\$0.25  | HK\$0.24  |



## SHARE OPTION SCHEME (continued)

*Note 1:* On 21 July 1997, 1,500,000 options with exercise price of HK\$4.00 were granted to Mr. Tse Tat Fung, Tommy and Mr. Leung Yit Kuen, Raymond respectively. With the two for five and one for forty bonus issue of shares in August 1997 and November 1997, the number of options exercisable and the exercise price were adjusted to 2,152,500 and HK\$2.79 respectively in accordance with the provisions of the Share Option Scheme.

*Note 2:* On 21 July 2002, the options of 2,152,500 previously granted to Mr. Tse Tat Fung, Tommy and Mr. Leung Yit Kuen, Raymond respectively were lapsed in accordance with the terms of the Share Option Scheme.

Apart from the foregoing, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the directors and chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company has been notified of the following interests in the Company's issued shares at 31 August 2002 amounting to 10% or more of the ordinary shares in issue:

| Name             | Direct interest | Number of ordinary shares held    |                 | Percentage of total issued shares |
|------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|
|                  |                 | Percentage of total issued shares | Deemed interest |                                   |
| Blink Technology | 195,971,534     | 50%                               | 1 (Note)        | 0%                                |

*Note:* Blink Technology acquired the rights, title and interest in various financing documents under which this ordinary share, representing share of which Mr. Tse Sui Luen has personal interest, was charged. Accordingly, Blink Technology is deemed to be interested in this ordinary share.

Save for the shares referred to above, no person or corporation has any interest in the share capital of the Company as in the registers required to be kept under section 16(1) of the SDI Ordinance.

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

During the period under review, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.



## **DISCLOSURE PURSUANT TO PRACTICE NOTE 19 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED ("THE LISTING RULES")**

### **Advance to an entity**

In accordance with the requirement under paragraph 3.2.1 of Practice Note 19 ("PN19") of the Listing Rules, the directors of the Company report that, as at 31 August 2002, a subsidiary of the Company had an advance (as defined in PN19) to its customer, Zhong Shang, amounting to HK\$69,550,000. The advance is a trade receivable arising from the Group's normal and ordinary course of business and is unsecured, interest free with credit term of 75 days.

Zhong Shang is a company controlled by Mr. Qi Jian Hong who is a director and substantial shareholder of two subsidiaries of the Company and also a director of certain wholly owned subsidiaries of the two subsidiaries. The distribution and licensing transactions between the subsidiary and Zhong Shang which created the trade receivable, therefore, also constitute connected transactions under the Listing Rules.

### **AUDIT COMMITTEE**

The Company has an audit committee comprising Messrs. Chui Chi Yun, Robert, Hong Po Kui, Martin, Gerald Clive Dobby and Lui Pui Kee, Francis (as alternate to Mr. Gerald Clive Dobby), all are independent non-executive directors. The committee reviews the interim and final reports of the Group and meets to review and discuss the internal controls and other relevant matters of the Group from time to time as required.

### **CORPORATE GOVERNANCE**

This interim report has been reviewed by the audit committee of the Board. During the period under review, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that Messrs. Hong Po Kui, Martin and Chui Chi Yun, Robert, independent non-executive directors of the Company, are not appointed for a specific terms as they are subject to retirement in accordance with the Company's Bye-laws.

By Order of the Board  
**Tse Tat Fung, Tommy**  
*Chairman*

Hong Kong, 30 November 2002

