

## Report of The Directors 董事會報告

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

### Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 20 to the financial statements. Other than the disposal and discontinuance of the Group's healthcare transaction operations, further details of which are set out in note 6 to the financial statements, there were no significant changes in the nature of the Group's principal activities during the year.

### Results and dividends

The Group's profit for the year ended 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 52 to 124.

No interim dividend was paid during the year. The directors recommend the payment of a final dividend of HK0.5 cent per ordinary share on 8 September 2003 to all persons registered as holders of shares on 29 August 2003.

董事會全寅謹提呈本公司及本集團截至二零零二年十二月三十一日止年度之報告及經審核財務報告。

### 主要業務

本公司之主要業務為投資控股。各主要附屬公司之主要業務詳情載於財務報告附註20。除本集團之保健交易業務之出售及終止(詳情載於財務報告附註6)外,年內,本集團之主要業務性質概無重大變動。

### 業績及股息

本集團截至二零零二年十二月三十一日止年度之溢利,以及本公司及本集團於該日之財政狀況載於財務報告第52頁至124頁之內。

年內並無派發中期股息。董事建議於二零零三年九月八日派付末期股息每股普通股0.5港仙予所有於二零零三年八月二十九日登記為股份持有人之人士。

## Report of The Directors (cont.) 董事會報告 (續)

### Summary of financial information

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified/restated as appropriate, is set out below. The amounts for previous years in the five year financial summary have been adjusted for the effects of the retrospective changes in accounting policies affecting employee benefits, (as detailed in note 2 to the financial statements). This summary does not form part of the audited financial statements.

### 財政資料概要

下文所載為摘錄自經審核財務報告並按需要重新分類／重新呈列之本集團於過去五個財政年度之已公佈業績以及資產負債之概要。五年概要內若干年度之數額，已就僱員福利(詳情見財務報告附註2)有關之會計政策之具追溯力變動之影響作出調整。本概要並不構成經審核財務報告之一部份。

		Year ended 31 December 截至十二月三十一日止年度			
	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元 (Restated) (重新呈列)	2000 二零零零年 HK\$'000 千港元 (Restated) (重新呈列)	1999 一九九九年 HK\$'000 千港元 (Restated) (重新呈列)	1998 一九九八年 HK\$'000 千港元 (Restated) (重新呈列)
<b>RESULTS 業績</b>					
Turnover: 營業額					
Continuing operations 持續經營業務	<b>737,134</b>	751,983	661,324	448,377	296,869
Discontinued operations 已終止經營業務	<b>16,016</b>	350,726	446,002	12,820	34,457
	<b>753,150</b>	1,102,709	1,107,326	461,197	331,326
Profit/(loss) from operations: 經營溢利／(虧損)					
Continuing operations 持續經營業務	<b>26,056</b>	(26,937)	(563,799)	16,843	12,375
Discontinued operations 已終止經營業務	<b>24,505</b>	(231,369)	(254,108)	(1,429)	461
	<b>50,561</b>	(258,306)	(817,907)	15,414	12,836
Finance costs 融資費用	<b>(5,338)</b>	(45,058)	(33,342)	(4,498)	(2,944)
Share of results of a jointly – controlled entity 應佔一間共同控制企業業績	<b>(613)</b>	(858)	–	–	–
Profit/(loss) before tax 除稅前溢利／(虧損)	<b>44,610</b>	(304,222)	(851,249)	10,916	9,892
Tax: 稅項					
Continuing operations 持續經營業務	<b>(5,600)</b>	(2,289)	(5,248)	(3,153)	(1,953)
Discontinued operations 已終止經營業務	<b>–</b>	(2,852)	(942)	–	–
	<b>(5,600)</b>	(5,141)	(6,190)	(3,153)	(1,953)
Profit/(loss) before minority interests 除少數股東權益前溢利／(虧損)	<b>39,010</b>	(309,363)	(857,439)	7,763	7,939
Minority interests 少數股東權益	<b>15,134</b>	125,780	20,649	–	–
Net profit/(loss) from ordinary activities attributable to shareholders 股東應佔日常業務純利／(淨虧損)	<b>54,144</b>	(183,583)	(836,790)	7,763	7,939

# Report of The Directors (cont.) 董事會報告 (續)

## Summary of financial information (cont.)

## 財政資料概要 (續)

		31 December 十二月三十一日			
	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元 (Restated) (重新呈列)	2000 二零零零年 HK\$'000 千港元 (Restated) (重新呈列)	1999 一九九九年 HK\$'000 千港元 (Restated) (重新呈列)	1998 一九九八年 HK\$'000 千港元 (Restated) (重新呈列)
<b>ASSETS AND LIABILITIES 資產及負債</b>					
Total assets 資產總值	<b>279,719</b>	303,935	966,163	267,267	147,706
Total liabilities 負債總額	<b>185,929</b>	263,621	987,914	162,128	136,688
Minority interests 少數股東權益	—	—	128,565	—	—
Shareholders' equity/(deficiency in assets) 股東權益／(資產虧絀)	<b>93,790</b>	40,314	(150,316)	105,139	11,018
Total liabilities and shareholders' equity 總負債及股東權益	<b>279,719</b>	303,935	966,163	267,267	147,706

### Fixed assets

Details of movements in the fixed assets of the Group during the year are set out in note 15 to the financial statements.

### 固定資產

本集團固定資產於年內之變動詳情載於財務報告附註15。

### Share capital and share options

Details of movements in the Company's share capital and share options during the year and other detailed disclosures relating to the Company's share option scheme and share incentive plan are set out in note 29 to the financial statements.

### 股本及購股權

本公司股本及購股權於年內之變動詳情及其他有關本公司購股權計劃及股份獎勵計劃之詳細披露載於財務報告附註29。

The directors have obtained the following theoretical valuations of the share options granted during the year, calculated using the Black-Scholes option pricing model as at 16 October 2002, the date of the grant of the options:

董事根據授出日期二零零二年十月十六日按「柏力克－舒爾斯」購股權定價模式，計算於年內授出購股權之理論估值：

Grantee 承授人	Number of options granted during the year 年內授出購股權數目	Theoretical value of share options 購股權之理論價值 HK'000 千港元
Mr. Brian O'Connor	2,000,000	182
Mr. Wong Tai Chun, Mark 王大鈞先生	1,500,000	136
Dr. Wong Chi Kit, Nelson 黃自傑醫生	2,000,000	182
Consultant 顧問	200,000	18
Other employees in aggregate 其他僱員合計	19,745,000	1,797
	25,445,000	2,315

## Report of The Directors (cont.) 董事會報告(續)

### Share capital and share options (cont.)

The following significant variables and assumptions were used in the calculation of the theoretical values of the share options granted using the Black-Scholes option pricing model:

1. an expected volatility of 80.36% based on historical volatility;
2. risk-free rate of 3.54%, being the five year Hong Kong Exchange Funds Notes traded on 16 October 2002; and

For the purpose of the calculation of theoretical value, no adjustment has been made in respect of options expected to be forfeited.

The values of share options calculated using theoretical models are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

### 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 the existing shareholders.

### Purchase, redemption or sale of listed securities of the Company

During the year, the Company repurchased a total of 5,090,000 ordinary shares of the Company of HK\$0.10 each through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at a total cash consideration plus related expenses of approximately HK\$1,163,000 at prices ranging from HK\$0.198 to HK\$0.230 per share. All the shares repurchased have been cancelled accordingly. Details of the aforesaid repurchases are set out in note 29 to the financial statements.

The repurchases of the Company's shares during the year were effected by the directors, pursuant to a mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

### 股本及購股權(續)

以下按「柏力克－舒爾斯」購股權定價模式計算所授出購股權之理論價值時所採用的主要變數及假設：

1. 按照過往波幅計算之預期波幅80.36%；
2. 無風險比率為3.54%，即於二零零二年十月十六日所買賣之五年香港交易所基金票據；及

在計算理論價值時，未有就預期會被收回之認股權作出調整。

由於理論模式內多項預期未來表現之假設均屬主觀性質及具有不明確因素，而該項模式本身亦有多固有限制，採用理論模式計算之購股權價值將受若干項基本因素限制。

### 優先購股權

本公司之公司細則或百慕達法例並無有關優先購股權之條款，以規定本公司須按比例向現有股東呈發售新股份。

### 購買、贖回或出售本公司上市證券

年內本公司透過香港聯合交易所有限公司（「聯交所」）以每股0.198港元至0.230港元之股價範圍購回本公司合共5,090,000股每股面值0.10港元之普通股，合共現金作價連同相關開支約為1,163,000港元。所有購回之股份隨即註銷。上述回購股份詳見財務報告附註29。

本公司年內回購股份乃經由董事按股東授權進行，藉以提高本集團每股資產淨值及每股盈利，從而惠及全體股東。

除上文所披露外，本公司或其任何附屬公司於年內並無購買、贖回或出售本公司之上市證券。

## Report of The Directors (cont.) 董事會報告(續)

### Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and in the consolidated summary statement of changes in equity.

### Distributable reserves

At 31 December 2002, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK\$117,735,000, of which HK\$10,817,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$293,094,000, may be distributed in the form of fully paid bonus shares.

### Major customers and suppliers

The aggregate turnover and purchases attributable to the Group's five largest customers and suppliers, respectively, were less than 30% of the Group's total turnover and purchases for the year.

### Directors

The directors of the Company during the year were:

Brian O'Connor ( <i>Chairman</i> )*	
Ronald Carstairs ( <i>Deputy Chairman</i> )*	
Wong Tai Chun, Mark <sup>#</sup>	
Wong Chi Kit, Nelson <sup>#</sup>	
Cheng Mo Chi, Moses <sup>※</sup>	
Ian Strachan <sup>※</sup>	
Lindsay Cooper*	
Arthur George Dew*	(appointed on 17 December 2002)
Sir Gordon Macwhinnie*	(appointed on 17 December 2002)
Hui Yip Wing, David*	(appointed on 17 December 2002)
Tong Tang, Joseph*	(appointed on 17 December 2002)

<sup>#</sup> *Executive director*

\* *Non-executive director*

※ *Independent non-executive director*

### 儲備

本公司及本集團於年內之儲備變動詳情概列於財務報告附註30及綜合權益變動概要表。

### 可分派儲備

於二零零二年十二月三十一日，本公司根據百慕達一九八一年公司法(經修訂)計算之可供分派儲備為117,735,000港元，其中10,817,000港元已建議作為本年度末期股息。此外，本公司股份溢價賬293,094,000港元可以繳足股款紅股方式分派。

### 主要客戶及供應商

年內，本集團首五名最大客戶應佔之銷售總額百分比及本集團首五名最大供應商應佔之採購總額百分比均少於30%。

### 董事

年內本公司之董事載列如下：

Brian O'Connor ( <i>主席</i> )*	
Ronald Carstairs ( <i>副主席</i> )*	
王大鈞 <sup>#</sup>	
黃自傑 <sup>#</sup>	
鄭慕智 <sup>※</sup>	
Ian Strachan <sup>※</sup>	
Lindsay Cooper*	
Arthur George Dew*	(於二零零二年十二月十七日獲委任)
Gordon Macwhinnie爵士*	(於二零零二年十二月十七日獲委任)
許業榮*	(於二零零二年十二月十七日獲委任)
唐登*	(於二零零二年十二月十七日獲委任)

<sup>#</sup> *執行董事*

\* *非執行董事*

※ *獨立非執行董事*

## Report of The Directors (cont.) 董事會報告(續)

### Directors (cont.)

Mr. Ronald Carstairs became a deputy chairman of the Company with effect from 18 April 2002.

With effect from 17 December 2002, Mr. Brian O'Connor became the non-executive chairman of the Company.

Subsequent to the balance sheet date, Messrs. Arthur George Dew and Tong Tang, Joseph, previously non-executive directors, became executive directors, and Mr. Dew was appointed as a deputy chairman of the Company with effect from 13 February 2003.

With effect from 18 March 2003, Mr. Arthur George Dew became the executive chairman of the Company. At the same date, Mr. Brian O'Connor has stepped down as the non-executive chairman, but will continue as a non-executive director of the Company.

In accordance with bye-law 86, Mr. Arthur George Dew, Sir Gordon Macwhinnie, Mr. Hui Yip Wing, David and Mr. Tong Tang, Joseph shall hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with bye-law 87, Mr. Brian O'Connor and Dr. Wong Chi Kit, Nelson will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All independent non-executive directors have been appointed for a specific term of two years and, in accordance with the Company's bye-laws, are subject to retirement by rotation.

### Directors' service contracts

Mr. Brian O'Connor, a non-executive director of the Company, has entered into a service agreement with the Company, which may be determined by either party giving the other two years' notice. Save as disclosed above, none of the directors, proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### 董事(續)

Ronald Carstairs先生於二零零二年四月十八日起成為本公司副主席。

Brian O'Connor先生於二零零二年十二月十七日起成為本公司非執行主席。

於結算日後，前為非執行董事之Arthur George Dew先生及唐登先生，均成為執行董事，以及Dew先生亦於二零零三年二月十三日起獲委任為本公司副主席。

由二零零三年三月十八日起，Arthur George Dew先生成為本公司執行主席。同日，Brian O'Connor先生已退任非執行主席一職，但將繼續擔任本公司非執行董事。

根據公司細則第86條，Arthur George Dew先生、Gordon Macwhinnie爵士、許業榮先生及唐登先生須留任直至應屆股東周年大會為止，並願膺選連任。

根據公司細則第87條，Brian O'Connor先生及黃自傑醫生將任滿告退，惟願於本公司即將舉行之股東周年大會上膺選連任。

所有獨立非執行董事獲委任之特定年期為兩年，並須根據本公司之細則任滿告退。

### 董事之服務合約

本公司非執行董事Brian O'Connor先生已與本公司訂立服務協議，可由任何一方以兩年通知而終止。除上述所披露者外，擬於應屆股東周年大會上連任之董事，概無不可於一年內免付補償(法定補償除外)而終止之未到期服務合約。

## Report of The Directors (cont.) 董事會報告 (續)

### Directors' interests in contracts

Saved as disclosed in note 35 to the financial statements, no director had a material beneficial interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the year.

### Directors' interests in shares

As at 31 December 2002, the interests of the directors and their associates in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name of directors 董事姓名	Nature of interests 權益性質	Number of shares 股份數目
Wong Tai Chun, Mark 王大鈞	Personal 個人	500,400
Wong Chi Kit, Nelson 黃自傑	Personal 個人	23,890,029
Ronald Carstairs	Personal 個人	1,500,000
Lindsay Cooper	Corporate 公司	184,836,000

Save as disclosed above, in the section "Directors' rights to acquire securities" below and in note 29 to the financial statements, none of the directors or their respective associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance which are required to be recorded in the register kept under Section 29 of the SDI Ordinance.

### Directors' rights to acquire securities

Information on the directors' share options is set out in note 29 to the financial statements.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

### 董事之合約權益

除財務報告附註35所披露者外，年內各董事概無於本公司或其任何附屬公司或同系附屬公司所訂立之任何重大合約中佔有實質權益。

### 董事於股份之權益

於二零零二年十二月三十一日，按照證券(披露權益)條例(「披露權益條例」)第29條規定而存置之登記冊所記錄，各董事及其聯繫人士持有本公司及其相聯法團股本之權益載列如下：

除上文所述，下文「董事認購證券之權益」一節所披露者以及財務報告附註29外，各董事或彼等各自之聯繫人士概無於本公司或其任何相聯法團(定義見披露權益條例)之股本或債務證券中擁有任何個人、家族、公司或其他權益而須按披露權益條例第29條之規定而保存之登記冊中予以記錄。

### 董事認購證券之權益

董事購股權之資料載於財務報告附註29。

除上文所述外，於本年度內，本公司之董事或彼等之配偶或未滿18歲之子女並無獲授或行使任何權利可藉購入本公司之股份或債券而取得利益。此外，本公司、其任何附屬公司或其同系附屬公司並無參與任何安排，使本公司董事可從其他法人團體獲取該種權利。



## Report of The Directors (cont.) 董事會報告 (續)

### Substantial shareholders

As at 31 December 2002, the following interests of 10% or more in the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

### 主要股東

於二零零二年十二月三十一日，按本公司遵照披露權益條例第16(1)條之規定而保存之權益登記冊所載，下列股東持有本公司股本10%或以上之權益：

Name of substantial shareholders 主要股東名稱	Number of shares held 所持股份數目	Percentage of the issued share capital 佔本公司股本百分比	Notes 附註
Wah Cheong Development (B.V.I.) Limited ("Wah Cheong")	617,195,946	28.53	
Sun Hung Kai & Co Limited ("Sun Hung Kai")			
新鴻基有限公司 (「新鴻基」)	617,195,946	28.53	1,2
AP Emerald Limited ("AP Emerald")	617,195,946	28.53	1,3
AP Jade Limited ("AP Jade")	617,195,946	28.53	1,4
Allied Properties (H.K.) Limited ("Allied Properties")			
聯合地產(香港)有限公司 (「聯合地產」)	617,195,946	28.53	1,5
Allied Group Limited ("Allied Group")			
聯合集團有限公司 (「聯合集團」)	617,195,946	28.53	1,6
CLSA Capital Limited	342,666,666	15.84	

Notes:

附註：

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>The figure refers to the same holding of 617,195,946 shares held by Wah Cheong.</li> <li>Wah Cheong was a wholly-owned subsidiary of Sun Hung Kai which was therefore deemed to have interest in the shares.</li> <li>AP Emerald was the holding company of Sun Hung Kai and was therefore deemed to have interest in the shares.</li> <li>AP Jade owned 100% interest in the issued share capital of AP Emerald and was therefore deemed to have interest in the shares.</li> <li>Allied Properties owned 100% interest in the issued share capital of AP Jade and was therefore deemed to have interest in the shares.</li> <li>Allied Group was the holding company of Allied Properties and was therefore deemed to have interest in the shares.</li> </ol> | <ol style="list-style-type: none"> <li>有關數字指Wah Cheong所持有之同一批617,195,946股股份。</li> <li>Wah Cheong為新鴻基之全資附屬公司，因此被視為擁有股份權益。</li> <li>AP Emerald為新鴻基之控股公司，因此被視為擁有股份權益。</li> <li>AP Jade擁有AP Emerald全部已發行股本，因此被視為擁有股份權益。</li> <li>聯合地產擁有AP Jade全部已發行股本，因此被視為擁有股份權益。</li> <li>聯合集團為聯合地產之控股公司，因此被視為擁有股份權益。</li> </ol> |
|--|--|

Save as disclosed above, as far as the directors are aware, there are no other persons who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of share capital carrying rights to vote in all circumstances at general meetings of the Company.

除上文所披露者外，據董事所知，概無其他人士直接或間接擁有附有權力於本公司之股東大會上投票之任何類別股本面值10%或以上之實際權益。



## Report of The Directors (cont.) 董事會報告(續)

### Connected transactions

In addition to those items set out in note 35 to the financial statements, the Group had connected transactions during the year as set out below.

#### I. Ongoing connected transactions

On 5 June 2000, the Company issued a circular (the “Circular”) which included reference to various ongoing transactions with ehealthcareasia Limited (“EHA”), a former listed non wholly-owned subsidiary of the Company and its subsidiaries (the “EHA Group”), all conducted within the ordinary and normal course of business (the “Ongoing Connected Transactions”).

The Ongoing Connected Transactions were deemed to constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The Stock Exchange, on application by the Company, issued a letter to the Company granting a waiver (the “Waiver”) of strict compliance by the Company with announcement requirements under the Listing Rules in respect of the Ongoing Connected Transactions. At a special general meeting held on 28 June 2000, the required approvals were given by the independent shareholders in respect of the Ongoing Connected Transactions.

Pursuant to the Waiver, the independent non-executive directors are required to review annually each of the sale arrangements, the advertising agreement and the service agreement, the summary details of which are stated below, and to confirm in the Company’s annual report the relevant Ongoing Connected Transactions which have been entered into as being:

- (i) in the ordinary and usual course of business;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company.

### 關連交易

除財務報告附註35所載者外，年內本集團有下列關連交易：

#### I. 持續關連交易

於二零零零年六月五日，本公司刊發一份通函（「通函」），其中提及與本公司前上市非全資附屬公司ehealthcareasia Limited（「EHA」）及其附屬公司（「EHA集團」）之多項持續關連交易（「持續關連交易」）。該等交易全於一般日常業務過程中達成。

根據香港聯合交易所有限公司證券上市規則（「上市規則」）該等持續關連交易被視為關連交易。聯交所應本公司之申請，已向本公司發出函件授出豁免（「豁免」），豁免本公司嚴格遵守上市規則有關持續關連交易之公佈規定。於二零零零年六月二十八日舉行之股東特別大會上，獨立股東已就持續關連交易作出所需之批准。

根據豁免，獨立非執行董事將每年審閱每項銷售安排、廣告協議及服務協議（其內容簡述於下文），並在本公司之年報內證實所進行之有關持續關連交易乃：

- (i) 在一般及日常業務中達成；
- (ii) 依據正常商業條件達成；及
- (iii) 根據有關之規管協議達成，而且交易條件對本公司股東均屬公平和合理，並符合彼等利益。

## Report of The Directors (cont.) 董事會報告(續)

### Connected transactions (cont.)

#### I. Ongoing connected transactions (cont.)

##### 1. Sales Arrangements

Ultronics Enterprise Limited (“Ultronics”), a wholly-owned subsidiary of EHA, sells medical equipment to members of the Group excluding the EHA Group (the “QHA Group”) for their use, as well as providing maintenance service contracts for such sales (the “Sales Arrangements”).

The Waiver was granted by the Stock Exchange on the following conditions:

- 1) sales not exceeding HK\$2.4 million for the year ended 31 December 2002;
- 2) details of the agreement to be disclosed in the annual report;
- 3) independent non-executive directors of the Company should review the agreement annually and confirm in the annual report that the transactions have been entered into (i) in the ordinary and usual course of business; (ii) on normal commercial terms; and (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company; and
- 4) annually the auditors of the Company should provide a letter to the board of the Company (with a copy to the Stock Exchange) confirming that the agreement (i) has received the approval of the respective boards; (ii) has been entered into in accordance with the terms of the agreement governing such transactions; and (iii) that the cap amount has not been exceeded.

During the period from 1 January 2002 to 4 October 2002, sales made by Ultronics to the QHA Group amounted to approximately HK\$354,000 which was within the cap stated in the waiver. Ultronics ceased to be a subsidiary of the QHA Group on 4 October 2002.

### 關連交易(續)

#### I. 持續關連交易

##### 1. 銷售安排

EHA全資附屬公司科力企業有限公司(「科力」)向本集團之成員公司但不包括EHA集團(「卓健集團」)銷售醫療設備作自用途，並提供有關之維修服務合約(「銷售安排」)。

聯交所乃基於下列條件授出豁免：

- 1) 截至二零零二年十二月三十一日止年度之銷售額不得超過2,400,000港元；
- 2) 協議詳情須於年報中披露；
- 3) 本公司之獨立非執行董事須每年審閱協議，並於年報中確認有關交易乃(i)於一般日常業務過程中達成；(ii)按正常商業條款釐定；及(iii)根據有關之規管協議達成，而且按對本公司股東權益而言屬公平合理之條款訂立；及
- 4) 本公司核數師每年須向本公司董事會發出函件(副本致聯交所)確認協議(i)已獲有關董事會批准；(ii)乃按規管該協議之條款訂立及(iii)並未超出上限。

科力於二零零二年一月一日至二零零二年十月四日止期間向卓健集團銷售之款額為約354,000港元，並未超出豁免所訂之上限。科力於二零零二年十月四日不再為卓健集團之附屬公司。

## Connected transactions (cont.)

### I. Ongoing connected transactions (cont.)

#### 2. Advertising Agreement

As stated in the Circular, it was anticipated that Quality HealthCare Technologies and Services Limited ("QHTS"), a former non wholly-owned subsidiary of the Company, and its subsidiaries (the "QHTS Group"), and the QHA Group would place advertisements on various Internet sites, including sites which are operated by members of the QHA Group or the QHTS Group. Pursuant to an advertising agreement (the "Advertising Agreement") dated 29 April 2000 between the Company and QHTS, the QHTS Group and the QHA Group will provide such advertising services to members of the QHA Group, whereas the QHA Group will provide such advertising services to members of the QHTS Group.

The provision of services by each party to the other under the Advertising Agreement will be on equivalent terms and conditions as would be required by the service-providing party when providing the same service to an independent third party. The prices charged for any service rendered by the service-providing party under the Advertising Agreement (the "Advertising Prices") will be equivalent to the prices charged by the service-providing party to an independent third party when dealing at arm's length, having regard to any other special circumstances such as arm's length negotiated volume discounts. The other party shall not be bound to subscribe for any service of the service-providing party if:

- (a) it is able to carry out the service with its internal resources at a lower cost than the Advertising Prices; or
- (b) a third party is able to provide such service at a price lower than the Advertising Prices.

The service-providing party shall not be required to provide any service at a price which it does not consider to be cost-effective or in its best interests.

## 關連交易(續)

### I. 持續關連交易(續)

#### 2. 廣告協議

誠如通函所述，估計本公司前度非全資附屬公司Quality HealthCare Technologies and Services Limited(「QHTS」)及其附屬公司(「QHTS集團」)及卓健集團均會在多個互聯網站上進行廣告宣傳，包括在卓健集團或QHTS集團之成員公司所經營之網站者。根據本公司及QHTS於二零零零年四月二十九日訂立之廣告協議(「廣告協議」)，QHTS集團及卓健集團將提供上述廣告服務予卓健集團之成員公司，而卓健集團將提供該等廣告服務予QHTS集團之成員公司。

根據廣告協議由一方向另一方提供服務之條款，須按提供服務方向獨立第三者提供相同服務之條款及條件而釐定，而由提供服務方根據廣告協議作出任何服務之價格(「廣告價格」)，將為提供服務方以公平交易方式(已顧及任何其他特殊情況，例如以公平方式商定總額折扣)向獨立第三者收取之價格。如屬以下情況，另一方不一定要光顧提供服務方之任何服務：

- (a) 可按低於廣告價格之成本以其內部資源履行服務；或
- (b) 第三者可按低於廣告價格之價格提供該服務。

提供服務方不必按其認為並非符合成本效益或其最佳利益之價格提供任何服務。

## Report of The Directors (cont.) 董事會報告(續)

### Connected transactions (cont.)

#### I. Ongoing connected transactions (cont.)

##### 2. Advertising Agreement (cont.)

The Waiver was granted by the Stock Exchange on the following conditions:

- (i) the amount charged by the QHTS Group to the QHA Group should not exceed HK\$4.4 million and the amount charged by the QHA Group to the QHTS Group should not exceed HK\$1.4 million for the year ended 31 December 2002; and
- (ii) the same conditions as set out in the points 2), 3) and 4) of the aforementioned Sales Arrangements shall apply.

During the period from 1 January 2002 to 4 October 2002, there had been no advertising placed on the websites and accordingly, no fees were charged. QHTS ceased to be a subsidiary of the QHA Group on 4 October 2002.

##### 3. Service Agreement

By a service agreement (the "Service Agreement") dated 29 April 2000 between the Company and QHTS, the QHTS Group agreed to provide to members of the QHA Group certain services including, without limitation, services for web-based applications and practice management systems, transaction facilitation services, third party administration services, data mining services and consultation services as well as information and customer services to support WAP (wireless application protocol) agreements entered into by the QHA Group.

Under the Service Agreement, the Company agreed to provide, and to procure other members of the QHA Group to provide to the QHTS Group, services including, without limitation, consultation services and health-related information for EHA's website.

### 關連交易(續)

#### I. 持續關連交易(續)

##### 2. 廣告協議(續)

聯交所乃基於下列條件授出豁免：

- (i) 於截至二零零二年十二月三十一日止年度，QHTS集團向卓健集團收取之款項不得超過4,400,000港元，而卓健集團向QHTS集團收取之款項不得超過1,400,000港元；及
- (ii) 與上述銷售安排第2、3及4點所載之相同條件將會適用。

於二零零二年一月一日至二零零二年十月四日止期間，有關之公司並無在網站刊登廣告，且並未收取費用。QHTS於二零零二年十月四日不再為卓健集團之附屬公司。

##### 3. 服務協議

本公司與QHTS於二零零零年四月二十九日訂立一項服務協議（「服務協議」），據此QHTS集團同意向卓健集團成員公司提供若干服務，包括但不限於互聯網應用軟件，醫務所／診所管理系統服務、方便交易之服務、第三者管理服務、數據開採服務、顧問服務，以及資訊及客戶服務，以支援卓健集團訂立之WAP（無線應用協定）協議。

根據服務協議，本公司同意向QHTS集團提供，並促使卓健集團其他成員公司向QHTS集團提供服務，包括但不限於顧問服務及健康相關資訊供EHA之網站使用。

## Connected transactions (cont.)

### I. Ongoing connected transactions (cont.)

#### 3. Service Agreement (cont.)

The provision of services by each party to the other under the Service Agreement was to be on equivalent terms and conditions as would be required by the service-providing party when providing the same service to an independent third party. The prices charged for any service rendered by the service-providing party under the Service Agreement (the "Service Prices") were to be equivalent to the prices charged by the service-providing party to an independent third party when dealing at arm's length, having regard to any other special circumstances such as arm's length negotiated volume discounts. The other party was not to be bound to subscribe for any service of the service-providing party if:

- (a) it is able to carry out the service with its internal resources at a lower cost than the Service Prices; or
- (b) a third party is able to provide such service at a price lower than the Service Prices.

The service-providing party was not required to provide any service at a price which it did not consider to be cost-effective or in its best interests.

The Waiver was granted by the Stock Exchange on the following conditions:

- (i) the total amount under this heading is expected not to exceed HK\$35.7 million annually; and
- (ii) the same conditions apply as set out in points 2), 3) and 4) of the aforementioned Sales Arrangements.

The QHTS Group charged the QHA Group chit processing fees of HK\$2,120,000 for the period from 1 January 2002 to 4 February 2002 which was within the cap. QHTS ceased to be a subsidiary of the QHA Group on 4 October 2002.

## 關連交易(續)

### I. 持續關連交易(續)

#### 3. 服務協議(續)

協議一方根據服務協議向另一方提供服務之條款，須按服務供應一方向一獨立第三者提供同一服務之條款及條件釐定，而就服務供應一方根據協議而提供之任何服務應付之價格(「服務價格」)，須為提供服務方以公平交易方式(已顧及任何其他特殊情況，例如以公平方式商定總額折扣)向一獨立第三者收取之價格。在下述情況下，另一方毋須一定惠顧提供服務方之任何服務：

- (a) 另一方可以低於服務價格之成本以其內部資源履行服務；或
- (b) 第三者可按低於服務價格之價格提供該項服務。

提供服務之一方毋須以其認為不具成本效益或不符合其最佳利益之價格提供任何服務。

聯交所乃基於下列條件授出豁免：

- (i) 本節項下之總額預期每年不超過35,700,000港元；及
- (ii) 上述銷售安排之第2、3及4點所載之相同條件適用。

QHTS集團於二零零二年一月一日至二零零二年二月四日止期內向卓健集團收取之單據處理費為2,120,000港元，乃在上限範圍以內。QHTS於二零零二年十月四日不再為卓健集團之附屬公司。

## Report of The Directors (cont.) 董事會報告(續)

### Connected transactions (cont.)

#### I. Ongoing connected transactions (cont.)

##### 3. Service Agreement (cont.)

On 4 February 2002, following the acquisition of exclusive and perpetual software licence rights from EHA, the Service Agreement was terminated. Further details are also set out in a circular of the Company dated 18 January 2002.

The independent non-executive directors of the Company confirm that the Sales Arrangements, the Advertising Agreement and the Service Agreement were entered into (i) in the ordinary and usual course of business; (ii) on normal commercial terms; and (iii) in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company.

#### II. Intercompany loan agreement

On 22 November 2001, the Company and EHA entered into an agreement pursuant to which the Company agreed to extend a loan facility to EHA with a maximum principal amount of HK\$60 million initially and subsequently to be reduced to HK\$45 million on 1 March 2002 (the "Renewed Loan Agreement"). The Renewed Loan Agreement constituted a connected transaction for the Company under Rule 14.26(6)(a) of the Listing Rules and was approved by independent shareholders at a special general meeting held on 27 December 2001.

On 4 October 2002, EHA ceased to be a subsidiary of the QHA Group and the aforesaid loan and the accrued interest was settled by way of cash and issuance of a convertible note for HK\$7 million by EHA. Further details are also set out in a circular of the Company dated 11 September 2002.

### 關連交易(續)

#### I. 持續關連交易(續)

##### 3. 服務協議(續)

於二零零二年二月四日，於本公司向EHA收購獨家永久軟件許可權後，已終止服務協議。進一步詳情亦載於本公司於二零零二年一月十八日刊發之通函內。

本公司獨立非執行董事確認，銷售安排、廣告協議及服務協議乃(i)於日常業務中；(ii)按照正常商業條款；及(iii)根據有關之規管協議按公平合理及符合本公司股東利益之條款訂立。

#### II. 公司間貸款協議

於二零零一年十一月二十二日，本公司及EHA訂立一項協議，據此，本公司同意延長提供予EHA之信貸(「重續貸款協議」)，該項信貸之本金額原先上限為60,000,000港元，並其後於二零零二年三月一日降低至45,000,000港元。根據上市規則第14.26(6)(a)條，重續貸款協議構成本公司一項關連交易，並已於二零零一年十二月二十七日舉行之股東特別大會上獲獨立股東批准。

於二零零二年十月四日，EHA不再為卓健集團之附屬公司，而上述貸款及應計利息已由EHA以現金及發行面額7,000,000港元之可換股票據方式償付。進一步詳情亦載於本公司於二零零二年九月十一日刊發之通函。

## Report of The Directors (cont.) 董事會報告(續)

### Connected transactions (cont.)

#### III. Acquisition of exclusive and perpetual software licence rights from EHA

On 24 December 2001, the Company entered into an agreement with the EHA Group. Pursuant to which the EHA Group granted the Company the exclusive and perpetual software licence rights to use and develop the LEON/REACH software for the Group's use and for use by any affiliates and franchisees under the management of the Group within the Greater China Region for a consideration of HK\$10 million. In addition, the Company entered into an agreement with the EHA Group, pursuant to which the Company agreed to purchase from the EHA Group the tools and equipment then utilised for the software for a consideration of HK\$1 million. The agreements constituted a very substantial acquisition and connected transaction for the Company under Chapter 14 of the Listing Rules and were approved by independent shareholders at a special general meeting held on 4 February 2002.

### Post balance sheet event

Details of a significant post balance sheet event of the Group are set out in note 36 to the financial statements.

### Audit Committee

At 31 December 2002, the Audit Committee comprised of two independent non-executive directors, Messrs. Ronald Carstairs and Cheng Mo Chi, Moses and a non-executive director, Mr. Lindsay Cooper. Mr. Ian Strachan resigned as an Audit Committee member on 22 March 2002 and subsequently was re-appointed on 10 March 2003. The role of the Audit Committee is to monitor the Group's accounting and financial reporting practices and internal control systems.

### Remuneration Committee

The Remuneration Committee consists of three independent non-executive directors, Messrs. Cheng Mo Chi, Moses, Ronald Carstairs and Ian Strachan and a non-executive director, Mr. Lindsay Cooper, to advise the board of directors of the Company on the annual remuneration packages of the directors of the Company.

### 關連交易(續)

#### III. 向EHA收購獨家永久軟件許可權

於二零零一年十二月二十四日，本公司與EHA集團訂立協議。據此，EHA集團同意以10,000,000港元之代價，向本公司授予獨家永久軟件許可權，以使用及開發LEON/REACH軟件供本集團內部使用及供任何聯屬公司及本集團所管理之專營公司於大中華地區以內使用。此外，本公司亦與EHA集團訂立協議，據此，本公司同意以1,000,000港元之代價，向EHA集團購入當時用於有關軟件之工具及設備。根據上市規則第14章，該等協議構成本公司之非常重大收購及關連交易，並已於二零零二年二月四日舉行之股東特別大會上獲獨立股東批准。

### 結算日後事項

本集團重大結算日後事項詳情載於財務報告附註36。

### 審核委員會

於二零零二年十二月三十一日，審核委員會成員包括兩名獨立非執行董事Ronald Carstairs先生及鄭慕智先生以及一名非執行董事Lindsay Cooper先生。Ian Strachan先生已於二零零二年三月二十二日辭任審核委員會成員，並其後於二零零三年三月十日重獲委任。審核委員會功能是監察集團會計及財務報告守則及內部監控系統。

### 酬金委員會

酬金委員會成員包括三名獨立非執行董事，即鄭慕智先生、Ronald Carstairs先生及Ian Strachan先生以及一名非執行董事Lindsay Cooper先生，以就本公司董事每年酬金條件向本公司董事會提出意見。



## Report of The Directors (cont.) 董事會報告(續)

### Employees

At 31 December 2002, the Group had approximately 960 employees. In addition to salaries, the Group provides certain benefits including a medical scheme for its employees. The Group has also adopted a share incentive plan for its employees, with awards determined the performance of the Group and of the individual employees.

### Compliance with the Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules which specifies the best practices to be followed by directors and non-executive directors, throughout the year ended 31 December 2002, except that non-executive directors of the Company have no fixed terms of office but will retire from office on a rotation basis in accordance with the Company's bye-laws.

### Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Brian O'Connor**

*Chairman*

Hong Kong, 18 March 2003

### 僱員

於二零零二年十二月三十一日，本集團約有960名員工。除薪金外，本集團為其僱員提供之若干福利包括醫療計劃。本集團亦為其僱員採納股份獎勵計劃，獎勵按集團及個別僱員之表現而釐定。

### 遵守最佳應用守則

董事認為，除本公司非執行董事並無固定任期，惟須按本公司之公司細則輪值告退，截至二零零二年十二月三十一日止年度，本公司一直遵守聯交所證券上市規則（「上市規則」）附錄十四所載規定董事及非執行董事須予遵守之最佳應用守則。

### 核數師

安永會計師事務所將任滿告退，而有關續聘其為本公司核數師之決議案將於應屆股東周年大會上提呈。

代表董事會

*主席*

**Brian O'Connor**

香港，二零零三年三月十八日